YELLOW ROADWAY CORP
Form 425
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Filed by Yellow Roadway Corporation

Pursuant to Rule 425 under the Securities Act of 1933

Subject Company: Yellow Roadway Corporation

Commission File No.: 333-123760

Forward-Looking Statements

The information presented in this communication may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Words such as expect(s) , feel(s) , believe(s) , will , may , could , anticipate(s) and similar expressions are intended to identify forward-looking statements. These statements include, but are no limited to, statements regarding plans, objectives and expectations with respect to future operations, products and services; and statements regarding future performance. Such statements are subject to certain risks and uncertainties, many of which are difficult to predict and generally beyond the control of Yellow Roadway Corporation (Yellow Roadway) and USF Corporation (USF), that could cause actual results to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. These risks and uncertainties include: those discussed and identified in public filings with the SEC by Yellow Roadway and USF; the parties ability to consummate the proposed merger with, to achieve expected synergies and operating efficiencies in the merger within the expected time-frames or at all and to successfully integrate USF s operations into Yellow Roadway s operations; and the factors that generally affect the respective businesses of Yellow Roadway and USF as further outlined in Management s Discussion and Analysis of Financial Condition and Results of Operations in each of the companies respective Annual Reports on Form 10-K. Readers are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof. Neither Yellow Roadway nor USF undertakes any obligation to republish revised forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events. Readers are also urged to carefully review and consider the various disclosures in Yellow Roadway s and USF s various SEC reports, including, but not limited to, each party s Annual Report on Form 10-K for the year ended December 31, 2004.

Additional Information

This communication may be deemed to be solicitation material in respect of the proposed merger of USF and Yellow Roadway. In connection with the proposed transaction, on May 5, 2005, Yellow Roadway filed Post Effective Amendment No. 1 to its Registration Statement on Form S-4, which contains an amended definitive proxy statement/prospectus relating to the proposed merger of Merger Sub with, and into, USF. Yellow Roadway and USF may file other relevant documents concerning the proposed transaction with the SEC. Investors are urged to read the amended proxy statement/prospectus dated May 5, 2005, and any other relevant documents filed with the SEC because they will contain important information. You will be able to obtain the documents free of charge at the website maintained by the SEC at www.sec.gov. In addition, you may obtain documents filed with the SEC by Yellow Roadway free of charge by requesting them in writing from Yellow Roadway or by telephone at (913) 696-6100. You may obtain documents filed with the SEC by USF free of charge by requesting them in writing from USF or by telephone at (773) 824-1000.

Yellow Roadway and USF, and their respective directors and executive officers, may be deemed to be participants in the solicitation of proxies from the stockholders of Yellow Roadway and USF in connection with the acquisition. Information about the directors and executive officers of Yellow Roadway and their ownership of Yellow Roadway stock is set forth in the proxy statement for the Yellow Roadway 2005 Annual Meetings of Stockholders. Information about the directors and executive officers of USF and their ownership of USF stock is set forth in USF s Annual Report on Form 10-K, as amended, for the year ended December 31, 2004. Investors may obtain additional information regarding the interests of such participants by reading the proxy statement/prospectus.

Yellow Roadway is seeking to raise, subject to market and other conditions, approximately $250 million through a private offering of senior floating rate notes (the notes). Yellow Roadway previously announced that it had entered into an Agreement and Plan of Merger, dated as of February 27, 2005 and as amended as of May 1, 2005 (filed as Exhibit 1.1 to the Current Report on Form 8-K filed on May 2, 2005), with USF, and Yankee II LLC, a Delaware limited liability company and direct wholly owned subsidiary of the Company (Merger Sub), pursuant to which Merger Sub would merge with and into USF, resulting in USF becoming a wholly owned subsidiary of Yellow Roadway. Certain information, including pro forma information, related to the merger and currently contemplated related financings (including the offering of the notes) is filed herewith pursuant to Rule 425 under the Securities Act of 1933.

Certain information provided by Yellow Roadway Corporation pursuant to Regulation FD

As used in this document, references to Yellow Roadway , the company , we , our and us refer to Yellow Roadway Corporation and its subsidiaries, unless the context otherwise requires. The term USF refers to USF Corporation and its subsidiaries, unless the context otherwise requires. The term merger means the merger between USF and a subsidiary of Yellow Roadway pursuant to an Agreement and Plan of Merger, dated as of February 27, 2005, and as amended as of May 1, 2005, between Yellow Roadway, Yankee II LLC and USF. The term proposed notes offering refers to the proposed offering of $250 million of Yellow Roadway s senior floating rate notes.

Proposed Financings

We currently have in place a $450 million receivables financing facility secured by certain receivables of Yellow Transportation and Roadway Express (ABS Facility). We also have a $500 million senior unsecured revolving credit facility, including a $375 million letter of credit subfacility (Revolving Credit Facility). It is contemplated that at the effective time of the merger the aggregate amounts available under the ABS Facility and the Revolving Credit Facility will be increased to $650 million and $850 million, respectively. We expect that the cash portion of the merger consideration and our capital and liquidity needs (including refinancing of certain existing indebtedness of Yellow Roadway and USF) will be financed with a combination of proceeds from the proposed notes offering, borrowings under the ABS Facility and the Revolving Credit Facility and cash on hand.

In addition to the proposed financings, following consummation of the merger, USF and its subsidiaries will continue to be obligated on USF s $150 million aggregate principal amount of 8.5% senior notes due April 15, 2010, and USF s $100 million aggregate principal amount of 6.5% senior notes due May 1, 2009. Following consummation of the merger, Yellow Roadway will provide a parent guarantee of both series of notes.

UNAUDITED CONDENSED COMBINED PRO FORMA FINANCIAL DATA

The following unaudited condensed combined pro forma financial statements and explanatory notes have been prepared to give effect to the proposed merger and the related financing transactions, including the proposed notes offering. At the effective time of the proposed merger, Yankee II LLC, a newly formed wholly owned subsidiary of Yellow Roadway, will be merged with and into USF, with USF as the surviving entity. As a result of the merger, USF will become a wholly owned subsidiary of Yellow Roadway. The transaction is being accounted for as a purchase business combination.

Upon the effectiveness of the proposed merger, each share of USF stock (except those shares owned directly or indirectly by USF or Yellow Roadway and those shares held by dissenting stockholders) will be converted into the right to receive 0.31584 shares of Yellow Roadway common stock and $29.25 in cash.

In accordance with Article 11 of Regulation S-X under the Securities Act of 1933, an unaudited condensed combined pro forma balance sheet as of March 31, 2005 and an unaudited condensed combined pro forma statement of operations for the three months ended March 31, 2005 and for the year ended December 31, 2004 have been prepared to reflect the proposed merger (treated as an acquisition of USF) and the consummation of the related financing transactions, including the proposed notes offering. The following unaudited condensed combined pro forma financial statements have been prepared based upon historical financial statements of Yellow Roadway and USF. The unaudited condensed combined pro forma financial statements reflect certain balance sheet and statement of operations reclassifications made to conform USF s presentations to those of Yellow Roadway. The unaudited condensed combined pro forma financial statements should be read in conjunction with:

Yellow Roadway s historical audited consolidated financial statements for the year ended December 31, 2004, and its unaudited condensed consolidated financial statements as of March 31, 2005 and for the three months ended March 31, 2005, included in Yellow Roadway s Annual Report on Form 10-K for the year ended December 31, 2004 and Yellow Roadway s Quarterly Report on Form 10-Q for the quarter ended March 31, 2005; and

USF s historical audited consolidated financial statements for the year ended December 31, 2004 and its unaudited condensed consolidated financial statements as of April 2, 2005 and for the quarter ended April 2, 2005, included in USF s Annual Report on Form 10-K for the year ended December 31, 2004 and USF s Quarterly Report on Form 10-Q for the quarter ended April 2, 2005.

The unaudited condensed combined pro forma balance sheet was prepared by combining Yellow Roadway s historical unaudited consolidated balance sheet as of March 31, 2005 and USF s historical unaudited consolidated balance sheet as of April 2, 2005, adjusted to reflect the proposed merger and the consummation of the related financing transactions, including the proposed notes offering, as if each had occurred on March 31, 2005.

The unaudited condensed combined pro forma statement of operations was prepared using the historical consolidated statement of operations for both Yellow Roadway and USF assuming the proposed merger and related financing transactions, including the proposed notes offering, had each occurred on January 1, 2004. The unaudited condensed combined pro forma statement operations for the year ended December 31, 2004 was prepared by combining the historical audited consolidated statement of operations of Yellow Roadway and the historical audited consolidated statement of income of USF for the year ended December 31, 2004. The unaudited condensed combined pro forma statement of operations for the three months ended March 31, 2005 was prepared by combining the historical unaudited consolidated statement of operations of Yellow Roadway for the three months ended March 31, 2005 and the historical unaudited consolidated statement of income of USF for the quarter ended April 2, 2005. The unaudited condensed combined pro forma statements of operations give effect to the costs associated with financing the proposed merger, including interest expense and amortization of deferred financing costs associated with our currently contemplated financing transactions, including the proposed notes offering, related to the proposed merger, and the impact of other purchase accounting adjustments.

The unaudited condensed combined pro forma financial statements are prepared for illustrative purposes only, and do not purport to represent, and are not necessarily indicative of, the operating results or financial position that would have occurred if the merger transaction described above had been consummated at the beginning of the period or the date indicated, nor are they necessarily indicative of any future operating results or financial position. The unaudited condensed combined pro forma financial statements do not include any adjustments related to any restructuring charges, profit improvements, potential cost savings or one-time charges which may result from the proposed merger or the result of final valuations of tangible and intangible assets and liabilities.

The process of valuing USF s tangible and intangible assets and liabilities as well as evaluating accounting policies for conformity, including accounting policies related to claims and insurance accruals, is still in the preliminary stages. Material revisions to our current estimates could be necessary as the valuation process and accounting policy review are finalized. Following closing of the proposed merger, we will finalize the process of determining the fair value at the date of acquisition of the tangible and intangible assets and liabilities of USF. As a result of this process, we anticipate that a portion of the amount classified as goodwill in the unaudited condensed combined pro forma financial statements, which in accordance with Statement of Financial Accounting Standards No. 142 will not be amortized, will be reclassified to the tangible and identified intangible assets and liabilities acquired, based on their estimated fair values at the date of acquisition. These tangible and identified intangible assets will be depreciated and amortized over their estimated useful lives. As a result, the actual amount of depreciation and amortization expense may be materially different from that presented in the unaudited condensed combined pro forma statement of operations and the effects cannot be quantified at this time.

The merger and the related financing transactions, including the proposed notes offering, had not been consummated as of the preparation of these unaudited condensed combined pro forma financial statements.

Unaudited Condensed Combined Pro Forma Balance Sheet

At March 31, 2005

	Historical		Pro Forma	
	Yellow Roadway	USF	Adjustments	Combined
	(in thousands)			
ASSETS				
Current assets:				
Cash and cash equivalents	$ 101,385	$ 151,679	$ (834,322)(1)	$ 27,642
			455,000(2)	
			250,000(3)	
			(96,100)(4)	
Accounts receivable, net	814,202	317,355		1,131,557
Prepaid expense and other	93,600	35,491	(1,053)(5)	128,038
Deferred income taxes	72,814	35,450		108,264
Total current assets	1,082,001	539,975	(226,475)	1,395,501
Property and equipment, at cost	2,671,736	1,462,611	19,000(6)	3,468,225
			(685,122)(7)	
Less: accumulated depreciation	(1,256,731)	(685,122)	685,122(7)	(1,256,731)
Net property and equipment	1,415,005	777,489	19,000	2,211,494
Goodwill	634,364	99,551	(99,551)(8)	1,414,418
			780,054(1)	
Intangibles	464,975	185	(185)(8)	464,975
Other assets	49,629	33,803	(2,629)(5)	85,503
			4,700(4)	
Total Assets	$ 3,645,974	$ 1,451,003	$ 474,914	$ 5,571,891
LIABILITIES AND SHAREHOLDERS EQUITY				
Current liabilities:				
Accounts payable	$ 257,774	$ 79,774	$	$ 337,548
Wages, vacations and employees benefits	397,026	93,609		490,635
Other current and accrued liabilities	233,453	114,923		348,376
ABS borrowings			455,000(2)	455,000
Current maturities of long-term debt	404,400	65		404,465
Total current liabilities	1,292,653	288,371	455,000	2,036,024
Long-term liabilities:				
Long-term debt, less current portion	252,320	250,006	250,000(3)	779,448
			27,122(9)	
Claims and other liabilities	221,793	108,524		330,317
Accrued pension and postretirement health-care costs	289,242			289,242
Deferred income taxes	319,644	101,1087	(1,858)(10)	418,973

Total long-term liabilities	1,082,999	459,717	275,264	1,817,980
Total shareholders equity	1,270,322	702,915	(702,915)(11) 447,565(1)	1,717,887
Total Liabilities and Shareholders Equity	$ 3,645,974	$ 1,451,003	$ 474,914	$ 5,571,891

Unaudited Condensed Combined Pro Forma Statement of Operations

For the Year Ended December 31, 2004

	Historical		Pro Forma	
	Yellow Roadway	USF	Adjustments	Combined
	(in thousands, except per share data)			
Revenue	$ 6,767,485	$ 2,394,579	$	$ 9,162,064
Operating expenses:				
Salaries, wages and employees benefits	4,172,144	1,457,030	908(12)	5,630,082
Operating expenses and supplies	1,011,864	378,287		1,390,151
Purchased transportation	752,788	179,880		932,668
Other operating expenses	469,088	315,637	605(12) 500(13)	785,830
Total operating expenses	6,405,884	2,330,834	2,013	8,738,731
Operating income	361,601	63,745	(2,013)	423,333
Interest expense	43,954	20,917	19,463(12)	84,334
Other, net	19,984	(1,030)		18,954
Nonoperating expenses, net	63,938	19,887	19,463	103,288
Income from continuing operations before income taxes	297,663	43,858	(21,476)	320,045
Income tax provision	113,336	20,063	(8,290)(14)	125,109
Income from continuing operations	$ 184,327	$ 23,795	$ (13,186)	$ 194,936
Earnings per share from continuing operations:				
Basic	$ 3.83	$ 0.86		$ 3.41
Diluted	3.75	0.85		3.35
Average common shares outstanding:				
Basic	48,149	27,805		57,158
Diluted	49,174	27,982		58,183

Unaudited Condensed Combined Pro Forma Statement of Operations

For the Three Months Ended March 31, 2005

	Pro Forma
	Adjustments
	(in thousands, except per share data)

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Executive Compensation

Compensation Discussion and Analysis

d in 1966, we are a global leader in industrial air quality and fluid handling serving the energy, industrial and other niche markets. The C
application expertise that helps companies grow their businesses with safe, clean and more efficient solutions to help protect our shared
d and emerging industries in regions around the world working to improve air quality, optimize the energy value chain, and provide cus
s that include oil and gas, power generation, water and wastewater, battery production, poly silicon fabrication, chemical and petrochem

7 was a year of transition for our Company s executive leadership team. Jeffrey Lang stepped down as Chief Executive Officer (CEO
ary 1, 2017. Upon Mr. Lang s separation, the Board appointed Dennis Sadlowski, then a member of the Board, to serve as interim CEO
of service in this interim role, Mr. Sadlowski was appointed as permanent CEO effective June 9, 2017. Additionally, in January 2017, I
ef Financial Officer (CFO), and our former CFO, Edward Prajzner, assumed the role of Executive Vice President of Corporate Deve
his roles with the Company on July 17, 2017. On May 16, 2017, Paul Gohr was appointed as the Chief Accounting Officer of the Com
ice President of Financial Reporting of the Company. On December 31, 2017, Benton Cook, our Controller and former Chief Accounti

For purposes of this proxy statement, the following individuals are consi

ecutive Officer	Title
wirek[1]	Chairman of the Board
llowski	Chief Executive Officer
ckl	Chief Financial Officer
	Chief Accounting Officer
g	Former Chief Executive Officer and President
ajzner	Former Executive Vice President, Corporate Development
ok	Former Vice President of Finance and Controller

onnection with the amendments to the Company s Bylaws in December 2017, that, among other things, clarify that the Chairman of th
Company, Mr. DeZwirek ceased being deemed an executive officer of the Company and will not be a named executive officer in our pr
held in 2019.

so undergoing transition in our Board leadership. During 2017, we nominated a new, independent Board member, David Liner, who wa
g of shareholders and is the Chairman of our Nominations and Governance Committee. In 2018, the terms of service of two long-term d
t the Annual Meeting. Only one new, independent Board member (Mr. Nanda) has been nominated for election in 2018. Therefore, the

Shareholder Engagement and 2018 Chang

r 2017 annual meeting of shareholders, we received approximately 98% approval, based on total votes cast for and against, for our advi
ion of our named executive officers. In 2017, we had direct contact and discussions with shareholders representing greater than 40% of
d other directors participated in these discussions and provided shareholder feedback to the Chairs of the Committees of the Board and

The Compensation Committee considered the 2017 Sa

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and remains dedicated to continuous improvement to the Company s existing executive pay programs. However, the Compensation C
executive compensation policies or practices that were specifically drive

eless, the Compensation Committee did approve changes to our executive compensation programs in 2017 and 2018, as further describ
and more closely approximate what we believe are industry best practices. A

In 2017, we implemented a modified annual cash incentive compensation program for our named executive officers that was compr
targets (or, for Messrs. Gohr and Cook, three objective performance targets and individual, qualitative goals). In contrast to previou
that no cash incentive compensation was payable unless the Company achieved a threshold operating income goal. Our general goa
program in which our named executive officers annual incentive opportunities are tied exclusively to financial or operating perfor

In 2017, we took steps to help better ensure that Mr. Sadlowski s target total compensation as CEO was significantly at risk. For 20
total target compensation was performance-based. For comparison purposes, Mr. Lang s 2016 total target compensation was about
performance-based.

In 2018, Mr. Sadlowski s target total compensation as CEO was set at a level that approximates the 25th percentile of our peer group
data), which is in line with where the Company is positioned within that peer group in respect of revenue and certain other financial
Mr. Sadlowski and other key executives have an opportunity to earn a greater level of stock compensation if the Company s perfor
targets established for 2020.

In 2018, we also modified the metrics used under our annual incentive program, and introduced performance-based RSUs as a vehi
program, as further described below. Further, no cash incentive compensation is payable for Messrs. Sadlowski and Eckl unless the
operating income and no cash incentive compensation is payable for other named executive offers and participants unless the Comp
income.

Compensation Committee oversees our compensation programs, with particular attention to the compensation for our CEO and the other
Mr. DeZwirek, our Chairman, who receives his compensation pursuant to the related person transaction arrangement with Icarus as descr
ation Committee to review and approve (or, as the case may be, recommend to the Board for approval) changes to our executive compen
end and approve stock-based awards to named executive officers, and to otherwise ensure that the Company s compensation philosoph
mpany and its stockholders and is properly implemented and monitored. The Compensation Committee reports to the Board on all comp
ecutives, and other key salaried employees. The Compensation Committee annually reviews and approves the compensation for our dir
mployees. The Compensation Committee does not generally delegate any of its authority to other persons, although it has the power to
applicable law and the NASDAQ listing standards to su

to-day administration of savings, health, welfare, and paid time-off plans and policies applicable to salaried employees in general is han
employees. The responsibility for certain fundamental changes outside the day-to-day requirements necessary to maintain these plans a

ving discussion and analysis of our 2017 executive compensation program, which may include forward-looking statements, should be re
and re

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oal objectives of our executive compensation program are to attract, motivate, retain and reward highly qualified persons who are comm
f solid financial performance and excellence in the management of the Company s assets. The Compensation Committee believes that
n is one that is designed to reward the achievement of annual, long-term and strategic goals by the Company and to align the named exe
y s other stockholders. The Compensation Committee seeks to accomplish this by providing competitive compensation designed to link
cial and operational performance, as well as rewarding the overall performance of its named executive officers, when applicable, in line
er value. The Compensation Committee generally evaluates compensation against individual performance and external market factors to
ract and retain key executive talent. To that end, total compensation for the named executive officers other than our Chairman generally
es, and long-term incentives, a portion of which is designed to be earned based on the Company s financial performance and other fact
achievement of non-financial, qualitative goals. However, the Compensation Committee retains discretion to approve individual non-in

Risk Consid

ure the compensation of management, other than for our Chairman, to consist of both fixed and variable compensation. The fixed (or sal
a steady income so management does not feel pressured to focus exclusively on short-term gains, which may be to the detriment of lon
business metrics. The variable portions of compensation (cash bonus, short-term incentive and, in some cases, stock, stock-based and op
dual performance and overall corporate performance. Individual performance is qualitatively determined by the Compensation Commit
on achievement in operating income, bookings and revenue, working capital and (for certain officers) earnings per share, as further desc
ents of compensation are sufficient to motivate management to produce short- and long-term corporate results while the fixed element i
uraged to take unnecessary or excessive risks in working to produce such results. During 2016, we conducted a risk review of our 2016 c
Based on this review, we believe our compensation policies and practices do not create risks that are reasonably likely to have a

Role of Execu

Based on the compensation objectives described above, the Compensation Committee has generally structured the Company s annua
sation with the intent to motivate the named executive officers other than our Chairman to achieve the business goals set by the Compar
These goals may include overall Company performance goals and qualitative goals communicated to the individual named executive off
time relies upon recommendations made by the Company s management, and in particular, the CEO, regarding compensation for the n
nd our Chairman. The Compensation Committee reviews and approves (or, if the situation warrants, recommends to the full Board for a
ns, including those for the named executive officers other than our Chairman. As part of its review and establishment of the performance
ive officers, the Compensation Committee meets separately at least once on an annual basis with the CEO and other executives as it dee
xecutives as the CEO deems appropriate, including the Chairman, annually review the performance of each of the other named executiv
formance is reviewed by the Compensation Committee and the non-executive members of the Board of Directors. The conclusions reac
are presented to the Compensation Committee and to the non-executive members of the Board of Directors. The Compensation Comm
any recommended adjustmen

Role of Compensation

ts charter, the Compensation Committee has authority to engage such compensation consultants as it deems necessary or appropriate to
the Company to pay the reasonable compensation of such compensation consultants as esta

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017, the Compensation Committee engaged Meridian Compensation Partners, LLC (Meridian) as its independent executive compens
ittee on executive compensation matters. At the Compensation Committee s direction, Meridian prepared, presented and made recomm
market pay, compensation structure, and general market trends. More specifically, Meridian provided the Compensation Committee wi
tion Committee context for the Company s annual incentive plan participants, target award opportunities and the appropriate allocation
addition, Meridian recommended that the Company set annual incentive targets to align with the Company s short-term business strateg
as well as to be measurable and specific with respect to goals and ranges tied to creating shareholder value. The Compensation Commi
part of its compensation decision making process for a portion of 2017 c

noted above, the Company engaged Mr. Sadlowski to serve as interim CEO in January 2017. After a thorough internal and external sear
CEO, the Company determined that Mr. Sadlowski was best positioned to take on the role of permanent CEO. In connection with Mr. Sa
the Compensation Committee on the design of Mr. Sadlowski s compensation package, inc

mpensation Committee has assessed the independence of Meridian, as required under the NASDAQ listing requirements. The Compens
sed all relevant factors, including those set forth in Rule 10C-1(b)(4)(i) through (vi) under the Exchange Act, that could give rise to a po
during 2017. Based on this review, the Compensation Committee did not identify any conflict of interest raised by the work of Meridian
to manageme

e Compensation Committee evaluates the performance of the CEO and the other named executive officers (other than our Chairman) an
the annual salary, annual cash incentive, bonus, long-term stock-based compensation, and other material benefits of the CEO and such o
rms of any applicable employment agreements. In determining appropriate base salary levels, subjective consideration is given to the ap
level, scope of

pensation Committee used external pay comparison data as a market check on its compensation decisions, but not for specific benchmar
mpanies with input from members of the Board. This peer group was initially designed to include companies with which we compete fo
group was determined to be appropriate again for 2017 and

n Corporation	Federal Signal Corporation	Ormat Techno
sco, Inc.	Global Power Equipment Group Inc.	Powell Industr
n Carbon Corporation	Graco Inc.	Preformed Lin
Industries, Inc.	Graham Corporation	Thermon Grou
International, Inc.	HC2 Holdings, Inc.	TRC Compani
as Dynamics, Inc.	Heritage-Crystal Clean Inc.	US Ecology, I
se Energy, Inc.	Lydall, Inc.	
Technologies, Inc.		

t check peer group for 2017 was the same as the market check peer group for 2016 and 2015. Currently, the Company is in the bottom q
based priman

ased on its review of the peer group data and market data and other factors outlined in the Compensation Discussion and Analysis, amon
r. Sadlowski s 2018 total target compensation approximates the 25th percentile of the peer group, which is in line with where the Compa

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e August 3, 2016, the Board implemented mandatory stock ownership guidelines for our CEO to further align the interests of the CEO
own shares of our common stock having a value equal to at least five times his base salary. On March 30, 2018, the Compensation Com
nes, which require the Company s named executive officers to own shares of our common stock having values equal to the applicable m

med Executive Officer
ef Executive Officer
ef Financial Officer
er Named Executive Officers
med executive officer has five years from his or her appointment to a participating position to comply with this requirement. The Comp
period of time for attainment of such ownership levels in appropriate circumstances. For purposes of this requirement, stock ownership
the named executive officer outright or held in trust for the CEO and his or her immediate family, plus the CEO s deferred or restricte
of a share is measured as the greater of the then current market price or the closing price of a shar

Company provides named executive officers (other than our Chairman) with a base salary to compensate them for the expertise and va
ined for each applicable named executive officer based on his position and responsibility by taking into account the named executive of
responsibility, prior experience, past accomplishments and other similar factors, and the particular base salary is subject to any existing

alary levels for the applicable named executive officers are reviewed and approved by the Compensation Committee annually as well as
ponsibility. The salary levels, including any increases, are also based on the Compensation Committee s evaluation of the individual s
ons with respect to the corporate goals and objectives relevant to the individual s compensation, including individual performance. Bas
for the named execut

Named Executive Officer
Jason DeZwirek
Dennis Sadlowski
Matthew Eckl
Paul Gohr
Jeffrey Lang
Edward Prajzner
Benton Cook

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one of the named executive officers who were employees in 2016 received a salary increase in 2017, except for Mr. Gohr, whose base s
of $37,635 per year (or approximately 25% of his base salary) on May 16, 2017 in connection with his promotion to Chief Accounting C
owski were determined based on the factors outlined above and impacted by arms length negotiations with such officers in connection

eve that a portion of the compensation paid to our named executive officers (other than the Chairman) should be designed to be earned
e executives are appropriately motivated to maximize our operating performance each year. To that end, in 2017 the Compensation Con
unities for our named executive officers under our annual incentive program. Under the annual incentive program, the Compensation C
te in the annual incentive program, determines the amounts of awards for each such executive officer, determines the performance goal
nditions for earning awards have been met. The performance goals may consist of both objective financial targets and (for certain name

Each of our participating named executive officers had a target cash incentive opportunity for 2017 expressed as a percentage of base sal
he Company proposed, the Compensation Committee recommended, and the Board approved, a modification to the annual incentive co
ts for above target performance for certain named executive officers, including by increasing the maximum payout for the CEO and the
were eligible for a payout of up to 120% of their annual incentive target. Mr. Lang was not a participant in the 2017 cash incentive progr
at the time performance targets were set. Mr. DeZwirek was not a participant in the 2017 cash incentive program, as he receives his co
action arrangement with Icarus, as described above. Target awards and potential payout levels for the participating named executive off

	Target Cash Incentive Amount ($)	Target Award as a Percentage of Salary	Thres
lowski[1]	$ 575,000	100%	5
ckl	$ 150,000	50%	5
	$ 66,500	35%	5
ajzner	$ 150,000	50%	5
ok	$ 42,187	25%	5

the period from January 1, 2017 through May 31, 2017, Mr. Sadlowski was entitled to a bonus of $201,644 pursuant to his employmen
us for such period that was determined at the discretion of the Compensation Committee under the terms of Mr. Sadlowski s initial off
negotiated and offered to compensate Mr. Sadlowski for stepping into the CEO role on an interim basis and forgoing other opportuniti
% of the target bonus as the Compensation Committee determined Mr. Sadlowski s performance met or exceeded expectations with re
ew and planning, operational assessment and implementation planning for improvements and employee engagement.

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7, in recognition of his promotion to Chief Accounting Officer and his increased responsibilities, Mr. Gohr s target award was increase
applicable target level for his 2016

on the performance results achieved, actual awards can vary as a percentage of target from a threshold of 50% to a maximum level, as
Compensation Committee approved the specific performance measures for the 2017 cash incentive program and their relative weightin
nance metric is attained, the cash incentive award is designed to pay out at 100% for that metric. The threshold is the lowest level of pay
the specific component. If performance for a metric is between the identified threshold and target, or target and maximum, the actual pa
ical interpolation. However, regardless of the actual attainment of any of the individual metrics, the awards were designed so that no pa
threshold operating income goal of

The following performance metrics were selected for the 2017 cash incentive program to drive desired

Bookings and Revenue: Bookings are recorded upon a customer placing an order with the Company and are a repre
expected from complete performance of firm fixed-price contracts that have not been completed for products and s
deliver within the next 12 to 18 months. Revenue is recognized on the income statement when bookings are execut
States generally accepted accounting principles (GAAP), recognition criteria has been met.

Non-GAAP Operating Income: The Company calculates non-GAAP operating income as Company GAAP operati
Company excluded the following special items: (1) legacy design repairs, (2) property, plant and equipment valuat
earn out expenses, (4) intangible asset and goodwill impairment, (5) restructuring expenses, (6) executive transitio
expenses.

Working Capital as a Percentage of Sales: Working Capital as a Percentage of Sales is calculated by taking total C
trailing twelve months of total Company sales for each quarter in 2017, where working capital equals (1) trade acc
(3) plus costs of excess on uncompleted contracts (4) minus trade accounts payable (5) minus billings of excess on
the fiscal year 2017 results, the Company averages each quarter s calculation for the fiscal year.

Non-GAAP Earnings per Share (EPS): Non-GAAP EPS is calculated by taking the Company s non-GAAP net
shares. The Company excludes special items when calculating non-GAAP net income. The Company excluded the
calculating non-GAAP net income: (1) legacy design repairs, (2) property, plant and equipment valuation adjustme
expenses, (4) intangible asset and goodwill impairment, (5) restructuring expenses, (6) executive transition expens
currency remeasurement and (9) the tax benefit of these special items.

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For 2017, the specific corporate performance goals and actual achievements were as follows for Messrs. Sadlowski, Eckl, and Prajz

	Threshold	Target	Maximum	Actual Resul
+ Revenue)/2	$ 396	$ 440	$ 484	$ 3
P Operating Income	$ 46.4	$ 58	$ 69.6	$
apital	13.2%	11%	8.8%	
P EPS	$ 0.86	$ 1.07	$ 1.28	$

e period from January 1, 2017 through May 31, 2017, Mr. Sadlowski received a bonus of $201,644 pursuant to the terms of Mr. Sadlow
y the pro-rata portion of his annual cash incentive opportunity for the period from June 1, 2017 through December 31, 2017 was subjec
in the table above. For such period, Mr. Sadlows

For 2017, the specific financial performance goals and actual achievements were as follows for Mes

	Threshold	Target	Maximum	Actual Resul
+ Revenue)/2	$ 396	$ 440	$ 484	$ 3
P Operating Income	$ 46.4	$ 58	$ 69.6	$
apital	13.2%	11%	8.8%	

This different structure was used for Messrs. Gohr and Cook to ensure the performance metrics aligned with the prin

ition, 10% of the award for each of Messrs. Cook and Gohr could be earned based on the achievement of non-financial, qualitative obje

Adopt financial policies for all of our divisions;

Performance of ASC 606 compliance evaluation, document required adjustments for 2018 adoption and prior year

Reduce closing cycle time by two days for month end and one day for quarter end;

Support the financial planning, consolidation, and reporting program election and implementation project with emp

Re-organize corporate controllership team and set goals within the corporate finance team to promote team efficie
individual growth, including by ensuring direct staff have five to six SMART goals established and approved;

Develop 12-18 month timeline to implement share service capability for select cycles; and

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Transition Mr. Prajzner s governance duties to appropriate corporate personnel.

For Mr. Cook, these

Reduce closing cycle time by two days for month end and one day for quarter end;

Develop 12-18 month timeline to implement share service capability for select cycles;

Promote employee satisfaction and talent development by setting goals within the corporate finance team;

Replace the Excel based reporting currently used with a reporting tool with no loss of information;

Modify various reports used by top level management to promote clarity and timeliness; and

Identify reporting needs by defining the top three potential improvements to the current data set based on feedback
one of these potential improvements.

ary 2018, the Compensation Committee determined the degree to which the cash incentive award goals for 2017 were achieved, which a
owever, because the threshold operating income goal for the performance period was not achieved (actual Non-GAAP operating income
e earned under the 2017 annual cash incentive program. However, after consideration of the individual contributions of Mr. Eckl during
r and cadence, compliance with The Sarbanes-Oxley Act of 2002 (Sarbanes-Oxley), executing two credit agreement amendments, pr
and the Board, initiating an enterprise resource planning (ERP) reduction plan, legal entity optimization plan and implementing seve
ation Committee awarded him a discretionary bonus equal to $50,000. Further, after consideration of the individual contributions of Mr
financial policies, compliance with Sarbanes-Oxley, the successful implementation of new accounting standards, re-organizing the fina
d Company growth and the initiation of share service capability for select cycles, the Compensation Committee awarded him a discretio
suant to the terms of his employment agreement, Mr. Sadlowski was determined to have earned a bonus payment equal to $201,644 for
2017, as confirmed and approved by the Compensation Committee pursuant to the terms of Mr. Sadlowski s interim CEO offer letter,
jectives for Mr. Gohr were not evaluated due to the failure to achieve the threshold operating income goal, and Mr. Cook s non-financi
departure fr

ction with his commencement of employment and in accordance with the terms of his employment agreement with the Company, Mr. E
on January 12, 2017 (as further described below under Potential Payments U

Company believes that granting stock-based awards and options from time to time provides named executive officers with a strong eco
s over the longer term. The Company also believes that the practice of granting stock-based awards and options from time to time is imp
talent necessary to

ity compensation plans have permitted us to grant stock awards as well as option awards. The Compensation Committee believes that t
gning its overall compensation packages. The equity compensation plans have been designed to promote the long-term financial interest

d retain management with the ability to contribute to the success of the business, by providing an opportunity for increased equity owne
maintaining competitive levels of total compensation. The Compensation Committee ad

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2017 Incentive Plan, awards may take the form of restricted stock grants, bonus stock grants without restrictions, non-qualified stock o
units (RSUs), performance-based awards and certain other awards. The restrictions on awards may lapse based on performance and
Committee granted time-based non-qualified stock options, time-based RSUs, and performance units to exec

As discussed above, the Board has implemented mandatory stock ownership guidelines for our CEO in 2017 and for o

sed above, from time to time, we issue options under our equity compensation plans to provide long-term equity compensation to execu
years have consisted of the following

onnection with his hiring, we granted Mr. Lang options in 2010 to purchase 600,000 shares of our common stock, which options were d
. In connection with our acquisition of Met-Pro in August 2013, we granted Mr. Lang options to purchase 400,000 shares of our comm
vest over a five-year period. Mr. Lang exercised 280,000 vested options in March 2017. In connection with his separation from the Co

ajzner received 15,000 options to purchase shares of our common stock in August 2013 in connection with our acquisition of Met-Pro,
t over a five-year period, 10,000 options to purchase shares of our common stock in January 2014, which options were designed to gene
to purchase shares of our common stock in May 2014, which options were designed to generally vest over a three-year period, 25,000 o
nuary 2015, which options were designed to generally vest over a five-year period, 25,000 options to purchase shares of our common st
esigned to generally vest over a five-year period, and 12,403 options to purchase shares of our common stock in May 2017, which optio
r period. Mr. Prajzner exercised 5,000 vested options in October 2017. In connection with his separation from the Company, all of Mr.
and the exercise period for

k received 3,000 options to purchase shares of our common stock in May 2012, which options were designed to generally vest over a fo
s of our common stock in November 2012, which options were designed to generally vest over a four-year period, 5,000 options to purc
ch options were designed to generally vest over a four-year period, 15,000 options to purchase shares of our common stock in August 2
which options were designed to generally vest over a five-year period, 10,000 options to purchase shares of our common stock in Janua
y vest over a five-year period, 7,500 options to purchase share of our common stock in October 2014, which options were designed to g
ons to purchase shares of our common stock in September 2015, which options were designed to generally vest over a four-year period
16 and 2017 and he exercised 2,000 vested options in March 2018. In connection with his departure from the Company, all of Mr. Cook
exercise period for all remaining v

r received 2,500 options to purchase shares of our common stock in October 2014, which options generally vest over a five-year perio
our common stock in September 2015, which optio

None of the named executive officers received options in 2017, exc

, after consultation with Meridian and consideration of general market trends, in 2015 the Compensation Committee introduced time-b

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r. DeZwirek received 7,642 time-based RSUs in connection with his service as a director in May 2017, which RSUs generally vest on th

ion with his appointment as CEO in June 2017, pursuant to his employment agreement, Mr. Sadlowski received 23,511 time-based RSU
l basis over a three-year period. Mr. Sadlowski also received 7,642 time-based RSUs in connection with his service as a director in May

nnection with his appointment as CFO in January 2017, pursuant to his employment agreement, Mr. Eckl received 26,000 time-based R
anniversary of the grant and 15,000 of which vest ratably o

In connection with his appointment as Chief Accounting Officer in May 2017, Mr. Gohr received 5,459 time-based RSUs, whi

rajzner received 8,406 time-based RSUs in May 2017. In connection with his departure from the Company, all of Mr. Prajzner s unvest

Mr. Cook received 4,367 time-based RSUs in May 2017. In connection with his departure from the Company, all of M

No RSUs were granted to Mr. Lang in 2017. In connection his separation from the Company, all of I

nection with his appointment as CEO in July 2017, pursuant to his employment agreement, Mr. Sadlowski received performance units a
erformance units will vary from 0% to 200% of the target award, subject generally to a two-year performance period (which begins on J
nievement of stock price performance criteria and objectives established by the Compensation Committee (as set forth in the table belov
erally vest on the third anniversary of the grant date. If, upon the conclusion of the performance period, our stock price performance is b
nterpolation between payout levels. For purposes of this award, stock price performance is measured based on the highest average fair r
attained during any period of 30 consecutive trading day

ice Level	Stock Price Performance
eshold	Below $12.00
	$12.00
	$15.00
	$18.00 +

xtent earned, the performance units are paid in the form of shares of common stock determined by dividing the dollar value of the earne
erformance hurdle attained during the performance period ($12.00, $15.00 or $18.00, as applicable), rounded to the nearest whole share
ear performance period the stock price is $15 at its highest for 30 consecutive trading days, then the performance units are vested at 100
Mr. Sadlowski would receive 46,667 shares of common stock, which is the quotie

Company provides certain named executive officers with perquisites and other personal benefits that the Company and the Compensati
nt with the Company s overall compensation program to better enable the Company to attract and retain employees for key positions. T
and payment of life insurance premiums, as applicable, as further described in the 20

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ompany sponsors a 401(k) retirement plan for our employees (the 401(k) Plan). Pursuant to the 401(k) Plan, the Company matches c
s contributions for the first 3%, and 50% on the next 3%, of an employee s compensation for a maximum match of 4.5%. The named c
ipate in the 401(k) Plan on the same terms as the rest of our employees. We believe the 401(k) Plan is set at a reasonable level, is highly
part of a competitive compensation program and is consistent with our overall goal of attr

ore information about our equity compensation awards for 2017, see the *2017 Grants of Plan-Based Awards Table* and the *Outstanding*
Table

Agreements wi

d into an employment agreement with Mr. Eckl effective as of January 9, 2017. We entered into an interim offer letter with Mr. Sadlows
mployment agreement with Mr. Sadlowski on June 10, 2017 when he was appointed as permanent CEO. These employment agreement
terms and conditions of employment for such named executive officers, including initial base salary, annual incentive opportunity, and
ign-on equity and cash bonus compensation and certain perquisites and personal benefits. The employment agreements also include cus
rtain severance compensation and benefits in the event of a qualifying termination of employment. The terms of these employment agre
negotiations between the nar

e beginning of 2017, we were party to an employment agreement with Mr. Lang. However, in connection with Mr. Lang s separation fr
o a Separation Agreement with Mr. Lang pursuant to which the Company provided him certain severance compensation and benefits. In
on July 21, 2017, Mr. Prajzner entered into a separation agreement and release with the Company, pursuant to which the Company prov

r more information regarding these individual arrangements and the benefits provided thereunder, please see Potential Payments Upon T

April 2017, our Board adopted a clawback policy. Under the clawback policy, if (1) the Company is required to prepare an accounting r
iance with any financial reporting requirement under the U.S. federal securities laws and (2) the Board reasonably in good faith determi
er of the Company willfully committed an act of fraud, dishonesty or recklessness that contributed to the noncompliance or benefitted
compensation, then the Board may direct the Company to use prompt and reasonable efforts to recover the

d above, for 2018, the Compensation Committee has approved certain changes to the Company s executive compensation practices. Ge
the advice of Meridian, to be more market competitive and more closely approximate wl

e annual incentive program for 2018, payouts for Messrs. Sadlowski and Eckl will range from 0% of target to a maximum level of 200%
executive officers, payouts can range from 0% of target to a maximum level of 150% of target. The performance metrics applicable to 2
djusted operating income and adjusted free cash flow. We believe these metrics help inspire and drive desired behaviors and performanc
associated with the

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npensation Committee also approved a change to the Company s long-term incentive program for 2018. In particular, stock options wi officers. Instead, long-term incentive awards will generally consist of time-based RSUs and performance-based RSUs. For Mr. Sadlows lue will be allocated to performance-based RSUs, and the remaining 30% will be allocated to time-based RSUs. For Mr. Eckl, the targe ocated evenly between time-based and performance-based RSUs. For Mr. Gohr, 30% of such value will be allocated to performance-bas ted to time-based RSUs. Performance-based RSUs will be subject to an EBITDA metric. This design is intended to help align named ex interests, and to help create a stronger and more direct connection to suc

Compensation Committee Report

The Compensation Committee has reviewed and discussed the Compensation Di

this review and discussion, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be 10-K for the year ended Dec

This report is submitted on behalf of the m

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2017 Summary Compensation Table

wing table sets forth certain information with respect to the compensation earned during the years ended December 31, 2017, 2016 and
app

Principal	Year	Salary ($)(1)	Bonus ($)(2)	Stock Awards ($)(3)	Op Av ($
llowski, Chief Executive Officer					
	2017	$ 531,629	$ 201,644	$ 471,716	
ckl, Chief Financial Officer					
	2017	$ 282,693	$ 115,000	$ 368,940	
wirek, Chairman of the Board					
	2017			$ 70,001	
	2016			$ 70,006	
	2015			$ 69,630	
Chief Accounting Officer					
	2017	$ 176,137	$ 30,000	$ 50,004	
g, Former Chief Executive Officer and President					
	2017	$ 72,981			
	2016	$ 575,000	$ 575,000	$ 140,004	
	2015	$ 491,166	$ 781,250	$ 994,731	
Prajzner, Former Executive Vice President, Corporate Development					
	2017	$ 178,846		$ 76,999	$ 3
	2016	$ 300,730	$ 144,480		$ 5
	2015	$ 264,787	$ 100,000	$ 118,000	$ 17
Cook, Former Vice President of Finance and Controller					
	2017	$ 168,750		$ 40,002	
	2016	$ 169,560	$ 46,540	$ 32,910	
	2015	$ 151,221	$ 29,530	$ 18,880	$ 1

Mr. Sadlowski, includes a cash retainer equal to $14,125 for his service on the Board prior to being appointed as CEO, which amount v
ees Earned or Paid in Cash column of the Director Compensation for Fiscal Year 2017 table if Mr. Sadlowski was not a named executi
Mr. Sadlowski, this amount reflects a bonus of $201,644 for the period from January 1, 2017 through May 31, 2017 that was paid unde
er. For Mr. Eckl, this amount reflects a sign-on cash bonus of $65,000 paid to him pursuant to the terms of his employment agreemen
roved by the Compensation Committee following the completion of the 2017 fiscal year. For Mr. Gohr, the amount in this column refle
he Compensation Committee following the completion of the 2017 fiscal year.
resents as applicable the aggregate grant date fair value of stock and option awards calculated in accordance with Financial Accounting
dification Topic 718 (FASB ASC Topic 718), disregarding estimated forfeitures, rather than amounts realized by the named executiv
award, the value included in this column reflects the probable outcome of the applicable performance conditions. Assuming the highes
pect to Mr. Sadlowski s performance unit award, the value in this column for him would be $1,696,412. The amount reported in this co
amount reported in this column for Mr. Sadlowski, represent RSUs awarded as compensation for services as a director, and would have
umn of the Director Compensation for Fiscal Year 2017 table if Messrs. Sadlowski and DeZwirek were not named executive officers. A
ounts are included in Note 10 to the Company s audited financial statements included in the Company s Annual Report on Form 10-K

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presents a Company contribution of $15,209 to our 401(k) Plan on behalf of Mr. Sadlowski, $1,471 of insurance premiums paid for term
,846 car allowance.

presents a Company contribution of $6,480 to our 401(k) Plan on behalf of Mr. Eckl, $145 of insurance premiums paid for term life insu
wance and $181,472 in relocation expenses.

presents amount paid to Icarus for Mr. DeZwirek s services.

presents a Company contribution of $6,889 to our 401(k) Plan on behalf of Mr. Gohr, $152 of insurance premiums paid for term life ins
wance.

presents a Company contribution of $4,515 to our 401(k) Plan on behalf of Mr. Lang, $2,449 of insurance premiums paid for term life in
wance, severance payments of $575,000 pursuant to Mr. Lang s separation agreement, a cash transition bonus of $250,000 pursuant to
ation payment of $3,406 and severance medical insurance payments of $14,588. For more information regarding Mr. Lang s severance
on Termination or Change of Control below.

presents a Company contribution of $13,510 to our 401(k) Plan on behalf of Mr. Prajzner, $723 of insurance premiums paid for term life
wance, severance payments of $150,000 pursuant to Mr. Prajzner s separation agreement, a vacation payment of $2,631 and severance
more information regarding Mr. Prajzner s severance compensation, see *Potential Payments Upon Termination or Change of Control*

presents a Company contribution of $9,708 to our 401(k) Plan on behalf of Mr. Cook and $1,345 of insurance premiums paid for term li

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2017 Grants of Plan-Based Awards Table

	Grant Date	Committee Action Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards(1) Threshold ($)	Target ($)	Maximum ($)	Estimated Future Payouts Under Equity Incentive Plan Awards(2) Threshold (#)	Target (#)	Maximum (#)	All Othe Stock Awards: Number of Share of Stock or Units (#)(3)
llowski				$ 337,123	$ 674,246				
	5/16/17	5/16/17							7,642
	6/10/17	6/9/17							23,511
	6/10/17	6/9/17				29,167	46,667	77,778	
ckl				$ 150,000	$ 300,000				
	1/11/17	1/11/17							15,000
	1/11/17	1/11/17							11,000
wirek	5/16/17	5/16/17							7,642
				$ 66,500	$ 79,800				
	5/16/17	5/16/17							5,459
g				$ 575,000	$ 1,150,000				
Prajzner				$ 150,000	$ 225,000				
	5/16/17	5/16/17							8,406
	5/16/17	5/16/17							
Cook				$ 42,187	$ 50,624				
	5/16/17	5/16/17							4,367

e amounts shown in the Target and Maximum columns consist of annual performance-based cash compensation opportunities for
cutive officers and further described in the Compensation Discussion and Analysis above. The Threshold column shows dashes beca
formance-based compensation opportunities could be reduced to essentially zero. Please see the 2017 Summary Compensation Table fo
uses paid to these named executive officers.
e amounts shown in the Threshold, Target and Maximum columns reflect the potential common stock payout levels under the p
017, as further described in the Compensation Discussion and Analysis above.
e amounts shown in this column consist of RSU awards to Messrs. Sadlowski, Eckl, DeZwirek, Gohr, Prajzner and Cook. For Messrs. S
nt dates of May 16, 2017 were awarded in connection with their service as a director (for Mr. Sadlowski, prior to his appointment as pe
mpensation Discussion and Analysis above for more information about these awards.
e amount shown in this column reflects an option award to Mr. Prajzner. Please see the Compensation Discussion and Analysis above fo
resents the grant date fair value of stock awards and option awards calculated in accordance with FASB ASC Topic 718, disregarding e
ized by the named executive officers. Assumptions used in calculating these amounts are included in Note 10 to the Company s audite
mpany s Annual Report on Form 10-K for the year ended December 31, 2017.

rmation regarding the terms of the employment agreements in effect with our named executive officers during 2017, please see Potentia
of Control. For information regarding the terms of the awards described in the table above, please see

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Outstanding Equity Awards at Fiscal 2017 Year-End

The following table sets forth information regarding outstanding equity awards for each named executive

	Option Awards					
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	M V Sh U Sto Ha Ve
llowski					6,621[1]	$
					7,642[3]	$
					23,511[4]	$
ckl					15,000[6]	$
					11,000[7]	$
wirek					3,688[8]	$
					6,621[1]	$
					7,642[3]	$
	1,500	1,000[9]	$ 13.08	10/1/19		
	2,000	2,000[10]	$ 9.44	9/4/19		
					5,459[11]	$
					1,000[12]	$
					2,400[13]	$
g						
Prajzner						
Cook	2,000		$ 1.98	3/31/2018[14]		
	4,000		$ 5.26	3/31/2018[14]		
	3,000		$ 7.09	3/31/2018[14]		
	5,000		$ 9.63	3/31/2018[14]		
	5,000		$ 12.05	3/31/2018[14]		
	12,000		$ 12.72	3/31/2018[14]		
	8,000		$ 15.39	3/31/2018[14]		
	4,500		$ 13.08	3/31/2018[14]		
	2,000		$ 9.44	3/31/2018[14]		

presents RSUs that vest in three equal installments on the anniversary date of the grant, commencing May 12, 2018.
presents the market value of the awards based on the closing share price of our common stock on December 29, 2017 of $5.13.
presents RSUs that vest on the anniversary date of the grant, May 16, 2018.
presents RSUs that vest in three equal installments on the anniversary date of the grant, commencing June 10, 2018.
lects the threshold number of performance units that could be earned pursuant to the performance unit award. Please see the Compensat
re information about this award, including vesting terms.
00 of these RSUs vested on January 11, 2018. The remaining RSUs vest in four equal installments on the anniversary date of the grant,
presents RSUs that vest in two equal installments on the anniversary date of the grant, commencing January 11, 2018.
presents RSUs that vest in two equal installments on the anniversary date of the grant, commencing September 4, 2018.
presents options that vest in two equal installments on the anniversary date of the grant, commencing October 1, 2018.
presents options that vest in two equal installments on the anniversary date of the grant, commencing September 4, 2018.

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presents RSUs that vest in four equal installments on the annual anniversary date of the grant, commencing May 16, 2018.
presents RSUs that vest on the anniversary date of the grant, September 4, 2018.
presents RSUs that vest in four equal installments on the annual anniversary date of the grant, September 8, 2018.
onnection with his departure from the Company, all of Mr. Cook s unvested options were forfeited and the exercise period for all rema
18. Please see the Compensation Discussion and Analysis above for more information about these awards.

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2017 Option Exercises and Stock Vested

	Option Awards			
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($)[1]		Number
llowski				
ckl				
wirek				
g	280,000	$	1,836,771	
Prajzner				
	5,000	$	9,094	
Cook				

culated based on the difference between the market price of the underlying common stock at exercise and the exercise price of the stock
ounts reflect the number of shares acquired on vesting valued at the closing price of our common stock on the business day immediatel

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Potential Payments Upon Termination or Change of Control

rdless of the manner in which a named executive officer s employment terminates, he is entitled to receive amounts earned during his
olicy regarding severance payments or retirement payments. Upon death or disability of a named executive officer serving as one of ou
will receive benefits under the disability or life insurance policies m

ed executive officer s employment had terminated on December 29, 2017, he would have been entitled to the following amounts based
mance unit awards (as applicable) and the closing price of our common stock on such date. Please see Compensation Discussion and A
option, RSU and performance unit awards (as applicable), and please see Outstanding Equity Awards at Fiscal 2017 Year-End above f
med executive officers. The following table sets forth amounts that would have been payable to each named executive officer who was
mination of employment. For Messrs. Lang and Prajzner, actual payments received in connection with their separations from the Compa
Separation Agreements below. Mr. Cook did not receive any severance compensation or enhanced benefits as a result of his se

ecutive Officer	For Cause	Death or Disability[1]
llowski		$ 193,781
ckl		$ 105,165
wirek		$ 92,088
		$ 45,557

accelerated vesting of all or part of unvested RSU and stock options awards are subject to the discretion of the Board in the event of a
ability. For the purpose of this disclosure, we have assumed that all outstanding RSU and stock options will be accelerated. In the event
formance units would generally vest on a pro-rata basis (based on the date of such death or disability) based on actual performance for t
pose of this disclosure, Mr. Sadlowski s performance units have a value of $0 because of stock price performance to date.
s column sets forth the benefits that would be provided in the event of a change in control of the Company. The accelerated vesting of a
on awards is generally subject to the discretion of the Board in the event of a change in control, except that Mr. Eckl s RSUs will vest
nge in control pursuant to the terms of his employment agreement. Mr. Sadlowski s performance units would generally vest in the eve
formance through the date of the change in control, unless a replacement award is provided in accordance with the applicable award agr
vided, and Mr. Sadlowski is terminated by us without cause (as defined in the applicable award agreement) or by Mr. Sadlowski for goo
rd agreement), in each case within two years after the change in control, 100% of the replacement award will become vested. For the p
umed that all outstanding awards will accelerate and that the named executive officer experiences a qualifying termination of employm
amounts in this column for each named executive officer consist of the following:

Mr. Sadlowski: a lump sum cash amount equal to base salary ($575,000); a lump sum cash amount equal to a pro-rated an
($201,644); the value of COBRA reimbursements for 12 months following employment ($23,564); the value of RSU awa
($193,781); and the value of performance units for which vesting is accelerated ($700,000).

Mr. Eckl: a lump sum cash amount equal to the sum of his annual base salary plus his annual bonus (equal to the same pe
annual bonus, if any, that he received for the prior fiscal year) ($300,000); a lump sum cash amount equal to a pro-rated a
a lump sum amount equal to the product of 12 multiplied by the monthly COBRA premium for health, dental and vision b
spouse and his dependents ($6,636); and the value of RSU awards for which vesting is accelerated ($105,165).

Mr. DeZwirek: the value of RSU awards for which vesting is accelerated ($98,088).

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Mr. Gohr: the value of RSU awards for which vesting is accelerated ($45,557).

s column sets forth the benefits that would be provided in the event of a termination by the Company other than for cause, death or d
her than in connection with a change in control). The accelerated vesting of all or part of unvested RSUs and stock option awards are sul
nt of termination. For the purposes of this disclosure, we have assumed that all outstanding RSUs and stock options will be accelerated.
Sadlowski s performance units have a value of $0 because of stock price performance to date. The amounts in this column for each na
owing:

Mr. Sadlowski: a lump sum cash amount equal to base salary ($575,000); a lump sum cash amount equal to a pro-rated an
($201,644); the value of COBRA reimbursements for 12 months following employment ($23,564); and the value of RSU
($193,781).

Mr. Eckl: a lump sum cash amount equal to base salary ($300,000); a lump sum cash amount equal to a pro-rated annual b
lump sum amount equal to the product of 12 multiplied by the monthly COBRA premium for health, dental and vision ber
and his dependents ($6,636); and the value of RSU awards for which vesting is accelerated ($105,165).

Mr. DeZwirek: the value of RSU awards for which vesting is accelerated ($98,088).

Mr. Gohr: the value of RSU awards for which vesting is accelerated ($45,557).

During 2017, of the named executive officers, only Messrs. Sadlowski, Eckl and Lang had em

As of January 9, 2017, the Company entered into an employment agreement with Mr. Eckl. The material terms of t

initial annual base salary of $300,000, which base salary would be increased to $335,000 for 2018, and then reviev
any increase;

initial target annual bonus opportunity equal to 50% of annual base salary, which target bonus opportunity would i
2018, and then be reviewed by the Compensation Committee and approved annually thereafter;

a one-time bonus of $65,000 (less any annual bonus amount Mr. Eckl received from his prior employer with respe
on January 12, 2017;

subject to approval by the Compensation Committee, an initial award of 15,000 RSUs in January 2017, and an awa
2018, which RSUs will generally vest (subject to continued employment) in five equal installments on each of the
applicable grant dates of such awards;

an additional initial award of 11,000 RSUs in January 2017, which RSUs will generally vest (subject to continued
on each of the first two anniversary dates of the grant date of such award;

a monthly car allowance of $1,000; and

participation in the employee benefit plans, programs and policies for senior executives of the Company.
ection with his assumption of the role of interim CEO, the Company entered into an offer letter with Mr. Sadlowski on January 26, 201
nsation terms, including a base salary of $575,000, a discretionary cash bonus opportunity targeted at 100% of base salary (with the ulti
the term based on the Compensation Committee s subjective evaluation of Mr. Sadlowski s performance), and an award of RSUs at l
any s non-employee directors in connection with the Company s 2017 annual meeting of stockholders (which RSUs generally vest in
the first anniversary of the grant date). In connection with his appoint

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Mr. Sadlowski entered into an employment agreement with the Company. The material terms of th

initial annual base salary of $575,000, which base salary will be reviewed by the Company at least annually for any

eligibility to earn a cash bonus for 2017 as follows: (1) for the period up to May 31, 2017, $201,644 (representing under his prior offer letter); and (2) for the remainder of the 2017 calendar year (the Stub Period), eligibility to e the applicable performance criteria established by the Compensation Committee, an additional bonus amount with the portion of his base salary actually earned during the Stub Period and a maximum opportunity equal to 200% of

for each calendar year after 2017 ending during the term of the employment agreement, the opportunity to earn, ba applicable performance criteria established by the Compensation Committee, an annual cash bonus with a target bo 100% of his base salary and a maximum bonus opportunity equal to no less than 200% of his base salary;

the following initial long-term incentive awards:

time-based RSUs with a grant date value (as determined by the Compensation Committee) equal to $300,00 number of shares subject to the award as so calculated, representing the number of RSUs granted to Mr. Sa with his service as a member of the Board), which award will generally vest, subject to continued employm installments on each of the first three anniversaries of the grant date; and

a grant of performance units with a grant date target value (as determined by the Compensation Commit will vary from 0% of the target award to 200% of the target award, subject generally to a three-year perform and objectives established by the Compensation Committee;

for calendar years after 2017 during the term of the employment agreement, eligibility for market-competitive annu long-term incentive compensation arrangements as reasonably determined by the Compensation Committee after c provided by its independent compensation consultant, in accordance with the Company s policies and the applicab compensation plans under which such awards may be granted; and

participation in the employee benefit plans, programs and policies for senior executives of the Company.

ployment agreements with Mr. Sadlowski and Mr. Eckl also provide that if the officer s employment is terminated by the Company wi ment) or by the officer for good reason (as defined in the employment agreement), he will be entitled to receive (in addition to certai t to his execution of a release: (1) a lump sum cash amount equal to his annual base salary; (2) a lump sum cash amount equal to a pro r ned had he remained employed through the end of the fiscal year in which such termination occurs; and (3) a lump sum cash amount equ onthly COBRA premium for health, dental and vision benefits in effect for the officer, his spouse and his dependents (or, for Mr. Sadlov paymen

nt of a change in control (as defined in Mr. Eckl s employment agreement) of the Company, if Mr. Eckl is not offered employment mpensation package equal to or better than the combination of his annual base salary and annual bonus opportunity as in effect immedia

Eckl will resign as of the date of such change in control (or agree to resign as of the end of a reasonable transition period) and, subject t
amount described in (1) above,

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nount equal to the sum of his annual base salary plus his annual bonus (equal to the same percentage of his annual base salary as the ann
prior fiscal year). Immediately prior to the closing of a change in control, any unvested RSU

uant to their employment agreements, Mr. Eckl and Mr. Sadlowski are also subject to one-year post-employment non-competition oblig
confidentiality obligations. The Employment Agreement also includes a customary indemnification provision. Mr. Sadlowski s emp
non-disparagement provision that applies for one year following ter

uary 2010, the Compensation Committee approved an Employment Agreement with Mr. Lang that set forth the basic terms and conditi
ded until February 15, 2018 on September 3, 2015. Pursuant to his Employment Agreement, either the Company or Mr. Lang could term
hout cause, although Mr. Lang had to give 60 days notice of such termination. Cause under the Employment Agreement included, a
ns of the Employment Agreement by Mr. Lang, conviction of a felony or certain misdemeanors, and his failure to perform his duties as
period. If the Company terminated Mr. Lang without cause, provided he remained in compliance with the restrictive covenants under h
al release of claims in favor of the Company, he would have generally been entitled to (in addition to certain accrued compensation and
nefits for twelve months, plus an annual bonus based upon the percentage of base salary applicable to the annual bonus for the prior fis
r. Lang would remain exercisable for a period of 90 days following the termination date. If Mr. Lang s employment had been terminat
he Employment Agreement), Mr. Lang would have been entitled to three months continued base salary, subject to continued complianc
yment agreement. If in addition, there was a change in control of the Company (as defined in the CECO Environmental Corp. 2007 Equ
d employment as CEO with a compensation package equal to or better than his base salary and bonus under his Employment Agreemen
been entitled to a lump sum on the date of the change in control equal to his annual base salary plus his bonus in an amount equal to the
bonus, if any, that he receive

connection with Mr. Lang stepping down as CEO, President and Director, the Company and Mr. Lang entered into a separation agreem
greement provides that Mr. Lang is entitled to the benefits under his employment agreement with the Company for a termination withou
t of $250,000. The other compensation under the severance provisions of Mr. Lang s employment agreement consist of 12 months of c
l medical benefits under the Company s current medical plans for up to 12 months (estimated to be $14,588) and payment of an annual
nnual bonus was already earned at the time of Mr. Lang s termination. All of Mr. Lang s unvested RSUs and stock option awards wer
plan and applicable award agreements. See *Outstanding Equity Awards at Fiscal 2017 Year-End* above for more information on Mr. La
separation agreement specifically provides that the restrictive covenants under Mr. Lang s employment agreement will survive his
sparagement provision. Pursuant to the separation agreement, before any shares of the Company s stock that Mr. Lang acquires upon e
d or transferred by Mr. Lang, the Company will have a right of first refusal to purchase such shares upon the terms and conditions furth

nnection with his separation from the Company on July 21, 2017, Mr. Prajzner entered into a separation agreement and release with the
or Mr. Prajzner s general release of claims, the Company agreed to provide the following compensation and benefits to Mr. Prajzner (i
ts): (1) an amount equal to $150,000, payable in substantially equal installments over a period of six months after the separation date; (2
A coverage under the Company s medical, dental, vision and prescription drug plans, payment by the Company of 100% of the COBRA
le dependents, if applicable) for up to six months following the separation date (estimated to be $12,026); and (3) immediate vesting of
to vest on September 4, 2017 (valued at $23,438). The separation agreement includes an acknowledgement that Mr. Prajzner will co
npetition, non-solicitation and other obligations under his restrictive covenant agreement with the Company, and that the Company s ob
e if Mr. Prajzner breaches any of his obligations under the restrictive covenants agreement. The separation agreement also includes non

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ction with his separation from the Company on December 31, 2017, Mr. Cook did not enter into a separation agreement and release wit
compensation and benefits post-employment except for those

Chief Executive Officer Pay Ratio

2017, the ratio of the annual total compensation of Mr. Sadlowski, our CEO who was serving in such capacity on November 30, 2017 (
otal compensation of all our employees and those of our consolidated subsidiaries (other than Mr. Sadlowski) (Median Annual Compe
tted use of reasonable estimates and assumptions in preparing this pay ratio disclosure, the disclosure may involve a degree of impreci
estimate calculated in a manner consistent with Item 402(u) of Regulation S-K using the data and assumptions described below. In thi
ceived the Median Annual Compensation as the Median Employee. For purposes of this disclosure, the date used to identify the Me

For purposes of this pay ratio disclosure, CEO Compensation was determined to be $1,253,000. As further discussed above, Mr. Sadlow
, 2017, and then served from June 9, 2017 through the end of 2017 as our permanent CEO. CEO Compensation for purposes of this dis
r Mr. Sadlowski under the 2017 Summary Compensation Table for 2017, annualized based on Mr. Sadlowski s period of service du
the composition of Mr. Sadlowski s compensation that would have been applicable if Mr. Sadlowsk

ses of this pay ratio disclosure, Median Annual Compensation was determined to be $48,900, and was calculated by totaling for our Me
compensation for 2017 in accordance v

dentify the Median Employee, we measured compensation for the period beginning on January 1, 2017 and ending on November 30, 20
nting all full-time, part-time, seasonal and temporary employees for us and our consolidated subsidiaries as of the Determination Date (
wski). This number does not include any independent contractors or leased workers, as permitted by the applicable SEC rules. This
s (consisting of approximately 14 employees in England, 10 employees in Singapore, 2 employees in Mexico and 2 employees in India
force of 951 employees) and does not exclude any employees of businesses acquired by us or combined with us. This compensation me
mployee, the following cash compensation elements: salary, wages, commissions, bonuses, and certain cash perquisites (such as movin
is cash compensation represents the consistently applied compensation measure that we used for our pay ratio determination. Specifical
ensation measure were Company contributions to 401(k) plans. Further, we annualized compensation but did not utilize any statistical s

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Director Compensation for Fiscal Year 2017

owing table provides information on 2017 compensation for each of our directors who are not named executive officers and who served

	Fees Earned or Paid in Cash ($)	Stock Awards[1] ($)
ldberg	$ 45,000	$ 70,001
Mannarino	$ 75,000	$ 70,001
ollack	$ 45,000	$ 70,001
	$ 45,000	$ 70,001
ntile Sachs	$ 56,264	$ 70,001
Wright	$ 52,528	$ 70,001
iner	$ 28,146	$ 70,001

presents the grant date fair value of RSU awards calculated in accordance with FASB ASC Topic 718, disregarding estimated forfeiture
ned individuals. Assumptions used in calculating these amounts are included in Note 10 to the Company s audited financial statements
Form 10-K for the year ended December 31, 2017. The RSU awards are unvested and represent all outstanding RSU awards to our dire
U awards held by each of our directors, who are not named executive officers as of December 31, 2017 are as follows: Mr. Goldberg
Pollack 17,951, Mr. Liner 7,642, Mr. Rudin 17,951, Ms. Sachs 14,263 and Mr. Wright 17,951. The aggregate number of op
not named executive officers as of December 31, 2017 are as follows: Mr. Goldberg 15,000, Mr. Mannarino 0, Mr. Pollack 103,
Sachs 0 and Mr. Wright 29,000.
ounts in this column are inclusive of dividend equivalent payments on RSUs awards in connection with the dividend we paid in Septem
udes amount paid to JMP for consulting services. See Certain Transactions above for more information.

Directors who are named executive officers of the Company do not receive any additional compensation for their service

uring 2017, the non-employee directors received an annual retainer of $45,000, which was paid quarterly. The chairperson of the Audit
The chairperson of the Compensation Committee and Nominations and Governance Committee received an annual retainer of $60,000
n of a committee received an annual retainer of $45,000. Mr. Sadlowski, who currently serves as our CEO, received a retainer of $14,12

directors including our Chairman also received service-based RSUs in 2017 in lieu of meeting fees. The Compensation Committee
ng payments would simplify the directors compensation while promoting the ownership of stock of the Company. We therefore grante
May 2017 to each of the non-management directors serving at that time. The RSUs generally vest on the one year anniversary of the g
members their reasonable travel and ou

tive August 3, 2016, the Board implemented mandatory stock ownership guidelines for non-management directors to further align the in
ers. Each non-management director is required to own shares of our common stock having a value equal to at least three times the non-r
etainer. Non-management directors shall have three years from the later of August 3, 2016 or his or her election or appointment to the B
ompensation Committee in its discretion may extend the period of time for attainment of such ownership levels in appropriate circumsta
gement director s stock ownership includes all shares of our common stock owned by the non-management director outright or held in
her immediate family, plus a non-management director s deferred or restricted stock or equivalent units. The value of a share shall be
market price or the closing price of a share of our comm

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PROPOSAL 2

APPROVAL, ON AN ADVISORY BASIS, OF THE COMPANY S

NAMED EXECUTIVE OFFICER COMPENSATION

quired pursuant to Section 14A of the Exchange Act and the related rules of the SEC, we are including in this proxy statement a separat on an advisory and non-binding basis, the compensation of our named executive officers. Consistent with our stockholders preference olders, our stockholders are given an opportunity for advisory approval of the Company s executive compensation on an annual basis. will next have the opportunity to vote on the advisory approval of the Company s executive compensation a

posal, commonly known as a Say-on-Pay proposal, gives our stockholders the opportunity to express their views on our named exec ed to address any specific item of compensation, but rather the overall compensation of our named executive officers and the philosophy proxy statement. Accordingly, you may vote on the fol

VED, that Company s stockholders approve, on an advisory basis, the compensation of the named executive officers, as disclosed in C for the 2018 Annual Meeting of Stockholders pursuant to the compensation disclosure rules of the SEC, including the com

is advisory, and therefore non-binding. In considering their vote, stockholders are encouraged to read the Executive Compensation sect sation Discussion and Analysis, which discusses the Company s compensation policies and procedures, and the compensation for the C ar ended December 31, 2017. The Board and the Compensation Committee expect to take into account the outcome of the vote when co decisions to the extent they can determine the cause or causes

mpensation programs are designed to motivate our executives to create a successful Company. We believe that our compensation progr alig

This proposal requires a favorable vote of the majority of shares represented at th

rd recommends that stockholders vote FOR the approval, on an advisory basis, of the Company s named executive officer co tables and the narra

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PROPOSAL 3

RATIFICATION OF THE APPOINTMENT OF INDEPENDENT

REGISTERED PUBLIC ACCOUNTING FIRM

commendation of the Audit Committee, the Board has appointed BDO as our independent registered public accounting firm for the fisc
has served as our independent registered publi

Committee pre-approves any engagement of BDO and has the ultimate authority and responsibility to select, evaluate and, where appro
public accounting firm and nominate an independent registered public a

entative of BDO is not expected to be present at the Annual Meeting. Although stockholder approval of the selection of BDO is not req
dvisable to give stockholders an opportunity to ratify this selection. If the stockholders fail to ratify the appointment of BDO, the Audit

Independent Registered Public Accounting Firm Fees

The following table sets forth the fees for services provided by BDO for the fiscal y

t Fees
t-Related Fees
Fees
Other Fees

l
ing is a description of the nature of the services comprising the fees disclosed in the table above for each of the four categories of servic
whether providing non-audit services is compatib

e fees for professional services for the integrated audit of our annual consolidated financial statements, the review of financial statemen
10-Q, proxy statements and services that are normally rendered in connection with statuto

are fees for assurance and related services that are reasonably related to the performance of the audit or the review of our financial state

These are fees for professional services rendered by BDO with re

These are fees for other services rendered by BDO that do r

it Committee is responsible for pre-approving all audit services and permitted non-audit services (including the fees and retention terms
prior to their engagement for such services. The Audit Committee has delegated to each of its members the authority to grant pre-approv
Committee at the next scheduled meeting. None of the fees paid to BDO under the categories Audit-Related Fees and Tax Fees were ap
services were rendered pursuant to the de m

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This proposal requires a favorable vote of the majority of shares represe

Board recommends a vote FOR the ratification of the appointment of BDO USA, LLP as independent registered public acco

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ADDITIONAL INFORMATION

Other Matters

s of the date of this proxy statement, the Board knows of no matters that will be presented for consideration at the Annual Meeting other statement. If any other matters properly come before the Annual Meeting, it is intended that the persons named in the proxy will vote th

our proxy materials for the Annual Meeting will be sent to any stockholder without charge upon written or oral request addres ntion of the Secretary, 14651 N. Dallas Parkway, Suite 500, Dallas, Texas 75254 or by phone at (214) 357-6181. Any stockholder Report on Form 10-K for the year ended December 31, 2017 as filed with the SEC, without exhibits, upo

Stockholder Proposals for 2019 Annual Meeting

ockholder who would like a proposal considered for inclusion in the Company s proxy statement relating to the Company s 2019 annu nge Act, must be received by the Corporate Secretary of the Company no later than December 28, 2018 and must otherwise comply wit outside of the Rule 14a-8 procedure for consideration at the Company s 2019 annual meeting must be received by the Company betwe ver, the date of the 2019 annual meeting is changed by more than 30 days from the anniversary date of this year s Annual Meeting, the mely if it is received not later than the close of business on the later of the 90th calendar day prior to such annual meeting and the 10th ca date of such meeting. Such proposals must be addressed to the Secretary of the Company at 14651 N. Dallas Parkway, Suite 500, Dalla receive such notice within the timeframe described above, the notice will be considered untim

Method of Proxy Solicitation

st of solicitation of the proxies will be borne by us. In addition to this solicitation of the proxies, our employees, without extra remunera telephone. We will reimburse brokerage firms, nominees, custodians, and fiduciaries for their out-of-pocket expenses for forwarding seeking

By Order of the Board of Director

/s/ Jason DeZwirek
Jason DeZwirek
Chairman of the Board of Directo

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ANNUAL MEETING OF STOCKHOLDERS OF

CECO ENVIRONMENTAL CORP.

June 12, 2018

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Important Notice Regarding the Availability of Proxy Materials

for the Stockholders Meeting to Be Held on June 12, 2018

Our Annual Report to Stockholders and the Proxy Statement

are available at www.cecoenviro.com/investors.aspx

Please sign, date and mail

your proxy card in the

envelope provided as soon

as possible.

i Please detach along perforated line and mail in the envelope provided. i

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE ELECTION OF DIRECTO
FOR PROPOSAL NO. 2 AND FOR PROPOSAL NO. 3.
E SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE. PLEASE MARK YOUR VOTE IN BLUE OI

ion of Directors:

2. To approve, on an advisory basis, the Comp
named excutive officer compensation.

ALL NOMINEES

NOMINEES:

¡ Jason DeZwirek

HHOLD AUTHORITY

¡ Eric M. Goldberg

ALL NOMINEES

¡ David B. Liner

¡ Claudio A. Mannarino

ALL EXCEPT

¡ Munish Nanda

nstructions below)

¡ Jonathan Pollack

¡ Valerie Gentile Sachs

¡ Dennis Sadlowski

3. To ratify the appointment of BDO USA, LI the independent registered public accounting fi the Company for fiscal year 2018.

4. To transact such other business as may prop adjournments thereof.

THIS PROXY, WHEN PROPERLY EXECU DIRECTED BY THE STOCKHOLDER. IF MADE, THIS PROXY WILL BE VOTED F NOMINEES LISTED HEREIN FOR THE P PROPOSAL 2 AND FOR PROPOSAL 3.

<u>TIONS</u>: To withhold authority to vote for any individual nominee(s), mark **FOR EPT** and fill in the circle next to each nominee you wish to withhold, as shown 27761;

PLEASE MARK, SIGN, DATE AND RETU PROMPTLY USING THE ENCLOSED EN

the address on your account, please check the box at right and indicate ddress in the address space above. Please note that changes to the name(s) on the account may not be submitted via this method.

MARK X HERE IF YOU PLAN TO AT

f Stockholder Date: Signature of Stockholder

: Please sign exactly as your name or names appear on this Proxy. When shares are held jointly, each holder should sign. When signin as executor, administrator, attorney, trustee or guardian, please give full title as such. If the signer is a corporation, please sign full corporate name by duly authorized officer, giving full title as such. If signer is a partnership, please sign in partnership name by authorized person.