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FORM 10-K

HUDSON TECHNOLOGIES INC /NY - HDSN

Filed: March 07, 2011 (period: December 31, 2010)

Annual report with a comprehensive overview of the company

UNITED STATES

Securities and Exchange Commission

Washington, D.C. 20549

Form 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2010

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 1-13412

Hudson Technologies, Inc.

(Exact name of registrant as specified in its charter)

New York

13-3641539

(State or Other Jurisdiction of Incorporation or Organization)

(I.R.S. Employer Identification No.)

P.O. Box 1541

**One Blue Hill Plaza
Pearl River, New York**

10965

(Address of Principal Executive Offices)

(Zip Code)

Registrant's telephone number, including area code

(845) 735-6000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class

Name of each Exchange on which Registered

Common stock, \$.01 par value

The NASDAQ Stock Market LLC (NASDAQ Capital Market)

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (SECTION 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer", and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

The aggregate market value of registrant's common stock held by non-affiliates at June 30, 2010 was approximately \$27,552,760. As of February 26, 2011 there were 23,780,606 shares of the registrant's common stock outstanding.

Hudson Technologies, Inc.**Index**

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Part I**Item 1. Business****General**

Hudson Technologies, Inc., incorporated under the laws of New York on January 11, 1991, is a refrigerant services company providing innovative solutions to recurring problems within the refrigeration industry. The Company's products and services are primarily used in commercial air conditioning, industrial processing and refrigeration systems, and include (i) refrigerant sales, (ii) refrigerant management services consisting primarily of reclamation of refrigerants and (iii) RefrigerantSide® Services performed at a customer's site, consisting of system decontamination to remove moisture, oils and other contaminants. In addition, RefrigerantSide® Services include predictive and diagnostic services for industrial and commercial refrigeration applications, which are designed to predict potential catastrophic problems and identify inefficiencies in an operating system. The Company's Chiller Chemistry®, Chill Smart®, Fluid Chemistry® and Performance Optimization are predictive and diagnostic service offerings. The Company operates through its wholly-owned subsidiary, Hudson Technologies Company. Unless the context requires otherwise, references to the "Company", "Hudson", "we", "us", "our", or similar pronouns refer to Hudson Technologies, Inc. and its subsidiaries.

The Company's executive offices are located at One Blue Hill Plaza, Pearl River, New York and its telephone number is (845) 735-6000.

Industry background

The production and use in the United States of refrigerants containing hydrochlorofluorocarbons ("HCFC"), the most commonly used refrigerants, and chlorofluorocarbons ("CFC") are subject to extensive and changing regulation under the Clean Air Act, as amended (the "Act"). The Act, which was amended in 1990 in response to evidence linking damage to the earth's ozone layer to the use of CFC and HCFC refrigerants, prohibits any person in the course of maintaining, servicing, repairing and disposing of air conditioning or refrigeration equipment, to knowingly vent or otherwise release or dispose of ozone depleting substances used as refrigerants. That prohibition also applies to substitute, non-ozone depleting refrigerants, such as Hydrofluorocarbon ("HFC"). The Act also requires the recovery of all refrigerants used in residential, commercial and industrial air conditioning and refrigeration systems, and, effective January 1, 1996, prohibited production of virgin (new) CFC refrigerants and limited the production of virgin (new) HCFC refrigerants. Effective January 2004, the Act further limited the production of virgin HCFC refrigerants, and federal regulations were enacted which impose limitations on the importation of certain virgin HCFC refrigerants. Additionally, effective January 2010 the Act further limited the production of HCFC refrigerants and additional federal regulations were enacted which imposed further limitations on the use, production and importation of certain virgin HCFC refrigerants. Under the Act, production of certain virgin HCFC refrigerants is scheduled to be phased out by the year 2020, and production of all HCFC refrigerants is scheduled to be phased out by 2030. Under the Act, owners, operators and companies servicing cooling equipment are responsible for the integrity of the systems, regardless of the refrigerant being used, and for the responsible management of refrigerant.

HFC refrigerants are used as substitutes for CFC and HCFC refrigerants in certain applications. As a result of the increasing restrictions and limitations on the production and use of CFC and HCFC refrigerants, various segments of the air conditioning and refrigeration industry have been replacing or modifying equipment that utilize CFC and HCFC refrigerants and have been transitioning to equipment that utilizes HFC refrigerants. HFC refrigerants are not ozone depleting chemicals and are not currently regulated under the Act. However, HFC refrigerants are highly weighted greenhouse gases that are believed to contribute to global warming and, as a result, are now subject to various state and federal regulations relating to the sale, use and emissions of HFC refrigerants. In addition, federal legislation has been proposed that, if enacted, would impose limitations on the production and importation of certain virgin HFC refrigerants.

The Act, and the federal regulations enacted under authority of the Act, have mandated and/or promoted responsible use practices in the air conditioning and refrigeration industry, which are intended to minimize the release of refrigerants into the atmosphere and encourage the recovery and re-use of refrigerants. In addition to prohibiting the venting of CFC and HCFC refrigerants, and prohibiting and/or phasing down the production of CFC and HCFC refrigerants, the Act mandates the recovery of these refrigerants and also promotes and encourages re-use and reclamation of CFC and HCFC refrigerants. Since January 1996, when virgin CFC production became prohibited, nearly the entire service demand for CFC refrigerants in existing equipment has been met through the recovery and the reclamation of used CFC refrigerants by the United States Environmental Protection Agency ("EPA") certified reclaimers. In addition, effective January 2010, EPA regulations limited the total pounds of virgin HCFC refrigerants that can be produced and imported to levels which, based upon the EPA's estimates, will require as much as 20% of the service demand for existing equipment to be met by reclaimed or recycled HCFC refrigerants, with that percentage increasing through 2014.

Products and Services

From its inception, the Company has sold refrigerants, and has provided refrigerant reclamation and management services that are designed to recover and reuse refrigerants, thereby protecting the environment from release to the atmosphere and the corresponding ozone depletion. The reclamation process allows the refrigerant to be re-used thereby eliminating the need to destroy or manufacture additional refrigerant and eliminating the corresponding impact to the environment associated with the destruction and manufacturing. The Company believes it is the largest refrigerant reclaimer in the United States. Additionally, the Company has created alternative solutions to reactive and preventative maintenance procedures that are performed on commercial and industrial refrigeration systems. These services, known as RefrigerantSide® Services, compliment the Company's refrigerant sales and refrigerant reclamation and management services. The Company has also developed Performance Optimization services that identify inefficiencies in the operation of air conditioning and refrigeration systems and assists companies to improve the efficiency of their systems and save energy. In addition, the Company is pursuing potential opportunities for the creation and monetization of verified emission reductions. See "*Emission Reductions*".

Refrigerant Sales

The Company sells reclaimed and virgin (new) refrigerants to a variety of customers in various segments of the air conditioning and refrigeration industry. Virgin, non-CFC refrigerants, including HCFC and HFC refrigerants, are purchased by the Company from several suppliers and resold by the Company, typically at wholesale. The Company continues to sell reclaimed CFC based refrigerants, which are no longer manufactured. The Company regularly purchases used or contaminated refrigerants, some of which are CFC based, from many different sources, which refrigerants are then reclaimed using the Company's high speed proprietary reclamation equipment, its patented Zugibeast® system, and then are resold by the Company.

Refrigerant Management Services

The Company provides a complete offering of refrigerant management services, which primarily include reclamation of refrigerants, laboratory testing through the Company's laboratory, which has been certified by the Air Conditioning, Heating and Refrigeration Institute, formerly the Air Conditioning and Refrigeration Institute ("ARI"), and banking (storage) services tailored to individual customer requirements.

Hudson also separates "crossed" (i.e. commingled) refrigerants and provides re-usable cylinder repair and hydrostatic testing services.

RefrigerantSide® Services

The Company provides decontamination and recovery services that are performed at a customer's site through the use of portable, high volume, high-speed proprietary equipment, including the patented Zugibeast® system. Certain of these RefrigerantSide® Services, which encompass system decontamination, and refrigerant recovery and reclamation are also proprietary and are covered by process patents.

In addition to the decontamination and recovery services previously described, the Company also provides predictive and diagnostic services for its customers. The Company offers diagnostic services that are intended to predict potential problems in air conditioning and refrigeration systems before they occur. The Company's Chiller Chemistry® offering integrates several fluid tests of an operating system and the corresponding laboratory results into an engineering report providing its customers with an understanding of the current condition of the fluids, the cause for any abnormal findings and the potential consequences if the abnormal findings are not remediated. Fluid Chemistry®, an abbreviated version of, the Company's Chiller Chemistry® offering, is designed to quickly identify systems that require further examination. ChillSmart® combines the diagnostic information of Chiller Chemistry® with a detailed performance evaluation for an operating refrigeration system and recommendations for eliminating any inefficiencies that may have been discovered.

The Company has been awarded several United States patents for its Performance Optimization System, which is a system for measuring, modifying and improving the efficiency of energy systems, including air conditioning and refrigeration systems, in industrial and commercial applications. Hudson's Performance Optimization Services are able to identify specific inefficiencies in the operation of refrigeration systems and, when used with Hudson's RefrigerantSide® Services, can increase the efficiency of the operating systems thereby reducing energy usage and costs. These inefficiencies require power generating companies to produce more energy and, in many instances increase carbon dioxide ("CO₂") emissions to produce the excess energy. Consequently, not only is Hudson's reclamation system a direct benefit to the environment, but Hudson's Performance Optimization Services recommendations are also designed to achieve an overall reduction in CO₂ emissions. The Company's Performance Optimization System can be customized to a particular customer's refrigeration system, such as at an industrial facility that utilizes refrigeration in its manufacturing processes, or offered as a stand alone product that can be used with air conditioning and packaged refrigeration systems, such as a comfort cooling application in large office buildings. When the Company combines its Performance Optimization System with its Chiller Chemistry® the Company calls this combined offering ChillSmart®.

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The Company also performs Energy Savings Assessments ("ESAs") for process and utility systems utilizing a methodology based on the 2009 ASME/ANSI Energy Assessment Standards. The Company's engineering staff performs ESAs at a customer's site, which staff includes an expert certified to provide best-practices training for the U.S. Department of Energy ("DOE") and the United Nations Industrial Development Organization ("UNIDO"). The Company can perform ESA's on a variety of process and utility systems including: steam; refrigeration and process cooling; process heating; waste heat recovery; combined heat and power pumps; compressed air; and fuel switching.

Emission Reductions

CFC refrigerants are ozone depleting substances and are also highly-weighted greenhouse gases that contribute to global warming. The destruction of CFC refrigerants may be eligible for verified emission reductions that can be converted and monetized into carbon offset credits that may be traded in the emerging carbon offset markets. The Company is pursuing opportunities to acquire CFC refrigerants and is developing relationships within the emerging environmental markets in order to develop opportunities for the creation and monetization of verified emission reductions from the destruction of CFC refrigerants.

Hudson's Network

Hudson operates from a network of facilities located in:

Auburn, Washington	--RefrigerantSide® Service depot
Baton Rouge, Louisiana	--RefrigerantSide® Service depot
Champaign, Illinois	--Reclamation and separation of refrigerants and cylinder refurbishment center;
	RefrigerantSide® Service depot
Charlotte, North Carolina	--RefrigerantSide® Service depot
Orangeburg, New York	--RefrigerantSide® Service depot
Pearl River, New York	--Company headquarters and administrative offices
Pottsboro, Texas	--Telemarketing office
Raymond, New Hampshire	--Telemarketing office

Strategic Alliances

The Company believes that the international market for refrigerant reclamation, sales and services is equal in size to the United States market for those sales and services. Over time, the Company expects to introduce its technology and offerings to several geographies around the world.

In 2003, the Company entered into an exclusive global technology and marketing agreement with The Linde Group ("Linde"), formerly the BOC Group, by which the Company licensed its RefrigerantSide® Services technology to Linde. As contemplated by the global agreement, which expired in 2010, the Company entered into separate supplemental agreements with Linde affiliate companies covering the United

Kingdom and the Republic of South Africa, pursuant to which the Company licensed its RefrigerantSide® Services technology and the use of its related proprietary equipment to each Linde affiliate in return for (i) a license fee payable to the Company by the Linde affiliate in annual installments during the course of such supplemental agreement and (ii) royalty payments to the Company based on revenues derived by the Linde affiliate from the performance of RefrigerantSide® Services and other sales licensed from the Company. The Company's revenues generated by supplemental agreements have not been material to the Company's financial performance and are not expected to be material in future periods.

In January 2010, the Company entered into a strategic alliance agreement with EOS Climate, Inc. ("EOS"), which is a provider of technology and services related to the destruction or mitigation of ozone-depleting substances in order to generate verified emissions reductions for sale in emerging environmental markets. Under the agreement, the Company and EOS have established an exclusive relationship pursuant to which the Company will supply certain CFC refrigerants to EOS, and EOS will utilize the Company to perform reclamation and recovery services for emissions reduction projects, and the parties will share any revenues generated from the monetization of verified emissions reductions. The agreement is worldwide in scope and provides for the granting of licenses by the Company to EOS to utilize the Company's equipment and technology in other countries in connection with emissions reductions projects. To date, the Company's revenues generated by the agreement have not been material to the Company's financial performance.

Suppliers

The Company's financial performance and its ability to sell refrigerants is in part dependent on its ability to obtain sufficient quantities of virgin, non-CFC based refrigerants, and of reclaimable CFC and non-CFC based, refrigerants from manufacturers, wholesalers, distributors, bulk gas brokers and from other sources within the air conditioning, refrigeration and automotive aftermarket industries, and on corresponding demand for refrigerants. The Company's refrigerant sales include CFC based refrigerants, which are no longer

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manufactured. Additionally, the Company's refrigerant sales include non-CFC based refrigerants, including HCFC and HFC refrigerants, which are the most widely used refrigerants. Effective January 1, 1996, the Act limited the production of virgin HCFC refrigerants, which production was further limited in January 2004. Federal regulations enacted in January 2004 also imposed limitations on the importation of certain virgin HCFC refrigerants. In addition, effective January 2010, the Act further limited the production of virgin HCFC refrigerants and additional federal regulations were enacted which imposed further limitations on the use, production and importation of virgin HCFC refrigerants. Under the Act, production of certain virgin HCFC refrigerants is scheduled to be phased out by the year 2020 and production of all virgin HCFC refrigerants is scheduled to be phased out by the year 2030. The limitations imposed by and under the Act may limit supplies of virgin refrigerants for the foreseeable future or cause a significant increase in the price of virgin HCFC refrigerants.

Customers

The Company provides its services to commercial, industrial and governmental customers, as well as to refrigerant wholesalers, distributors, contractors and to refrigeration equipment manufacturers. Agreements with larger customers generally provide for standardized pricing for specified services.

For the years ended December 31, 2010 and 2009, no one customer accounted for more than 10% of the Company's revenues.

Marketing

Marketing programs are conducted through the efforts of the Company's executive officers, Company sales personnel, and third parties. Hudson employs various marketing methods, including direct mailings, technical bulletins, in-person solicitation, print advertising, response to quotation requests and the internet through the Company's website (www.hudsonotech.com). Information in the Company's website is not part of this report.

The Company's sales personnel are compensated on a combination of a base salary and commission. The Company's executive officers devote significant time and effort to customer relationships.

Competition

The Company competes primarily on the basis of the performance of its proprietary high volume, high-speed equipment used in its operations, the breadth of services offered by the Company, including proprietary RefrigerantSide® Services and other on-site services, and price, particularly with respect to refrigerant sales.

The Company competes with numerous regional and national companies that market reclaimed and virgin refrigerants and provide refrigerant reclamation services. Certain of these competitors possess greater financial, marketing, distribution and other resources for the sale and distribution of refrigerants than the Company and, in some instances, serve a more extensive geographic area than the Company.

Hudson's RefrigerantSide® Services provide new and innovative solutions to certain problems within the refrigeration industry and, as such, the demand and market acceptance for these services are subject to uncertainty. Competition for these services primarily consists of traditional methods of solving the industry's problems. The Company's marketing strategy is to educate the marketplace that its alternative solutions are available and that RefrigerantSide® Services are superior to traditional methods. The market acceptance for these services is subject to uncertainty.

Insurance

The Company carries insurance coverage that it considers sufficient to protect the Company's assets and operations. The Company currently

maintains general commercial liability insurance and excess liability coverage for claims up to \$7,000,000 per occurrence and \$8,000,000 in the aggregate. The Company attempts to operate in a professional and prudent manner and to reduce potential liability risks through specific risk management efforts, including ongoing employee training.

The refrigerant industry involves potentially significant risks of statutory and common law liability for environmental damage and personal injury. The Company, and in certain instances, its officers, directors and employees, may be subject to claims arising from the Company's on-site or off-site services, including the improper release, spillage, misuse or mishandling of refrigerants classified as hazardous or non-hazardous substances or materials. The Company may be held strictly liable for damages, which could be substantial, regardless of whether it exercised due care and complied with all relevant laws and regulations.

Hudson maintains environmental impairment insurance of \$7,000,000 per occurrence, and \$8,000,000 annual aggregate, for events occurring subsequent to November 1996.

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Government Regulation

The business of refrigerant sales, reclamation and management is subject to extensive, stringent and frequently changing federal, state and local laws and substantial regulation under these laws by governmental agencies, including the EPA, the United States Occupational Safety and Health Administration and the United States Department of Transportation.

Among other things, these regulatory authorities impose requirements which regulate the handling, packaging, labeling, transportation and disposal of hazardous and non-hazardous materials and the health and safety of workers, and require the Company and, in certain instances, its employees, to obtain and maintain licenses in connection with its operations. This extensive regulatory framework imposes significant compliance burdens and risks on the Company.

Hudson and its customers are subject to the requirements of the Act, and the regulations promulgated thereunder by the EPA, which make it unlawful for any person in the course of maintaining, servicing, repairing, and disposing of air conditioning or refrigeration equipment, to knowingly vent or otherwise release or dispose of ozone depleting substances, and non-ozone depleting substitutes, used as refrigerants.

Pursuant to the Act, reclaimed refrigerant must satisfy the same purity standards as newly manufactured, virgin, refrigerants in accordance with standards established by ARI prior to resale to a person other than the owner of the equipment from which it was recovered. The EPA administers a certification program pursuant to which applicants certify to reclaim refrigerants in compliance with ARI standards. The Company is one of only three certified refrigerant testing laboratories under ARI's laboratory certification program, which is a voluntary program that certifies the ability of a laboratory to test refrigerant in accordance with the ARI 700 standard.

In addition, the EPA has established a mandatory certification program for air conditioning and refrigeration technicians. Hudson's technicians have applied for or obtained such certification.

The Company may also be subject to regulations adopted by the EPA which impose certain reporting requirements arising out of the purchase, production, use and/or emissions of certain greenhouse gases, including HFC's.

The Company is also subject to regulations adopted by the United States Department of Transportation which classify most refrigerants handled by the Company as hazardous materials or substances and imposes requirements for handling, packaging, labeling and transporting refrigerants and which regulate the use and operation of the Company's commercial motor vehicles used in the Company's business.

The Resource Conservation and Recovery Act of 1976, as amended ("RCRA") requires facilities that treat, store or dispose of hazardous wastes to comply with certain operating standards. Before transportation and disposal of hazardous wastes off-site, generators of such waste must package and label their shipments consistent with detailed regulations and prepare a manifest identifying the material and stating its destination. The transporter must deliver the hazardous waste in accordance with the manifest to a facility with an appropriate RCRA permit. Under RCRA, impurities removed from refrigerants consisting of oils mixed with water and other contaminants are not presumed to be hazardous waste.

The Emergency Planning and Community Right-to-Know Act of 1986, as amended requires the annual reporting by the Company of Emergency and Hazardous Chemical Inventories (Tier II reports) to the various states in which the Company operates and requires the Company to file annual Toxic Chemical Release Inventory Forms with the EPA.

The Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), establishes liability for clean-up costs and environmental damages to current and former facility owners and operators, as well as persons who transport or arrange for transportation of hazardous substances. Almost all states have similar statutes regulating the handling and storage of hazardous substances, hazardous wastes and non-hazardous wastes. Many such statutes impose requirements that are more stringent than their federal counterparts. The Company could be subject to substantial liability under these statutes to private parties and government entities, in some instances without any fault, for fines, remediation costs and environmental damage, as a result of the mishandling, release, or existence of any hazardous substances at any of its facilities.

The Occupational Safety and Health Act of 1970, as amended mandates requirements for a safe work place for employees and special procedures and measures for the handling of certain hazardous and toxic substances. State laws, in certain circumstances, mandate additional measures for facilities handling specified materials.

The Company believes that it is in compliance with all material regulations relating to its material business operations.

Quality Assurance & Environmental Compliance

The Company utilizes in-house quality and regulatory compliance control procedures. Hudson maintains its own analytical testing laboratory, which is ARI certified, to assure that reclaimed refrigerants comply with ARI purity standards and employ portable

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testing equipment when performing on-site services to verify certain quality specifications. The Company employs five persons engaged full-time in quality control and to monitor the Company's operations for regulatory compliance.

Employees

The Company has 77 full and 2 part time employees including air conditioning and refrigeration technicians, chemists, engineers, sales and administrative personnel.

None of the Company's employees are represented by a union. The Company believes that its employee relations are good.

Patents and Proprietary Information

The Company holds a United States patent and eight foreign patents covering seventeen foreign countries and has patent applications pending in two other foreign countries, all relating to the high-speed equipment, components and process to reclaim refrigerants. The Company also holds a registered trademark for its Zugibeast®. The United States patent expires in January 2012 and the foreign patents will expire between May 2014 and December 2014. The Company also holds several U.S. and foreign patents related to certain RefrigerantSide® Services developed by the Company as well as for certain processes to measure and improve the efficiency of refrigeration systems. These patents will expire between February 2017 and December 2020.

The Company believes that patent protection is important to its business. There can be no assurance as to the breadth or degree of protection that patents may afford the Company, that any patent applications will result in issued patents or that patents will not be circumvented or invalidated. Technological development in the refrigerant industry may result in extensive patent filings and a rapid rate of issuance of new patents. Although the Company believes that its existing patents and the Company's equipment do not and will not infringe upon existing patents or violate proprietary rights of others, it is possible that the Company's existing patent rights may not be valid or that infringement of existing or future patents or violations of proprietary rights of others may occur. In the event the Company's equipment or processes infringe, or are alleged to infringe, patents or other proprietary rights of others, the Company may be required to modify the design of its equipment or processes, obtain a license or defend a possible patent infringement action. There can be no assurance that the Company will have the financial or other resources necessary to enforce or defend a patent infringement or proprietary rights violation action or that the Company will not become liable for damages.

The Company also relies on trade secrets and proprietary know-how, and employs various methods to protect its technology. However, such methods may not afford complete protection and there can be no assurance that others will not independently develop such know-how or obtain access to the Company's know-how, concepts, ideas and documentation. Failure to protect its trade secrets could have a material adverse effect on the Company.

Item 1A. Risk Factors

There are many important factors that have affected, and in the future could affect Hudson's business including, but not limited to, the factors discussed below, which should be reviewed carefully together with the other information contained in this report. Some of the factors are beyond Hudson's control and future trends are difficult to predict.

Our existing and future debt obligations could impair our liquidity and financial condition.

Our existing credit facility, which currently expires in June 2011, is secured by substantially all of our assets and contains formulas that limit the amount of our borrowings under the facility. Moreover, the terms of our credit facility also include negative covenants that, among other things, may limit our ability to incur additional indebtedness. In June 2009 and April 2010 the Company obtained waivers from the lender for violations of one of its loan covenants. If we violate any of these loan covenants and do not obtain a waiver from our lender, our indebtedness under the credit facility would become immediately due and payable, and the lender could foreclose on its security, which could materially adversely affect our business and future financial condition and could require us to curtail or otherwise cease our existing operations.

We may need additional financing to satisfy our future capital requirements, which may not be readily available to us .

Our capital requirements have been and may be significant in the future. In the future, we may incur additional expenses in the development and implementation of our operations. Due to fluctuations in the price, demand and availability of new refrigerants, our existing credit facility that expires in June 2011 may not in the future be sufficient to provide all of the capital that we need to acquire and manage our inventories of new refrigerant. As a result, we may be required to seek additional equity or debt financing in order to develop our RefrigerantSide® Services business our refrigerant sales business and our other businesses. We have no current arrangements with respect to, or sources of, additional financing other than our existing credit facility. There can be no assurance that we will be able to renew this credit facility or obtain any additional financing on terms acceptable to us or at all. Our inability to obtain financing, if and when needed, could materially adversely affect our business and future financial condition and could require us to curtail or otherwise cease our existing operations.

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Adverse weather or economic downturn could adversely impact our financial results

Our business could be negatively impacted by adverse weather or economic downturns. Weather is a significant factor in determining market demand for the refrigerants sold by us, and to a lesser extent, our RefrigerantSide® Services. Unusually cooler temperatures in the spring and summer in the markets served by us, tends to depress demand for, and price of, refrigerants we sell. Protracted periods of cooler than normal spring and summer weather could result in a substantial reduction in our sales which could adversely affect our financial position as well as our results of operations. An economic downturn could cause customers to postpone or cancel purchases of the Company's products or services. Either or both of these conditions could have severe negative implications to our business that may exacerbate many of the risk factors we identified in this report but not limited, to the following:

Liquidity

These conditions could reduce our liquidity and this could have a negative impact on our financial condition and results of operations.

Demand

These conditions could lower the demand and/or price for our product and services, which would have a negative impact on our results of operation.

The nature of our business exposes us to potential liability.

The refrigerant recovery and reclamation industry involves potentially significant risks of statutory and common law liability for environmental damage and personal injury. We, and in certain instances, our officers, directors and employees, may be subject to claims arising from our on-site or off-site services, including the improper release, spillage, misuse or mishandling of refrigerants classified as hazardous or non-hazardous substances or materials. We may be strictly liable for damages, which could be substantial, regardless of whether we exercised due care and complied with all relevant laws and regulations. Our current insurance coverage may not be sufficient to cover potential claims, and adequate levels of insurance coverage may not be available in the future at a reasonable cost. A partially or completely uninsured claim against us, if successful and of sufficient magnitude would have a material adverse effect on our business and financial condition.

Our business and financial condition is substantially dependent on the sale and continued environmental regulation of refrigerants.

Our business and prospects are largely dependent upon continued regulation of the use and disposition of refrigerants. Changes in government regulations relating to the emission of refrigerants into the atmosphere could have a material adverse effect on us. Failure by government authorities to otherwise continue to enforce existing regulations or significant relaxation of regulatory requirements could also adversely affect demand for our services and products.

Our business is subject to significant regulatory compliance burdens.

The refrigerant reclamation and management business is subject to extensive, stringent and frequently changing federal, state and local laws and substantial regulation under these laws by governmental agencies, including the EPA, the United States Occupational Safety and Health Administration and the United States Department of Transportation. Although we believe that we are in substantial compliance with all material regulations relating to our material business operations, amendments to existing statutes and regulations or adoption of new statutes and regulations which affect the marketing and sale of refrigerant could require us to continually alter our methods of operation and/or discontinue the sale of certain of our products resulting in costs to us that could be substantial. We may not be able, for financial or other reasons, to comply with applicable laws, regulations and permit requirements, particularly as we seek to enter into new geographic markets. Our failure to comply with applicable laws, rules or regulations or permit requirements could subject us to civil remedies, including substantial fines, penalties and injunctions, as well as possible criminal sanctions, which would, if of significant magnitude, materially adversely impact our operations and future financial condition.

As a result of competition, and the strength of some of our competitors in the market, we may not be able to compete effectively.

The markets for our services and products are highly competitive. We compete with numerous regional and national companies which provide refrigerant recovery and reclamation services, as well as companies which market and deal in new and reclaimed alternative refrigerants, including certain of our suppliers, some of which possess greater financial, marketing, distribution and other resources than us. We also compete with numerous manufacturers of refrigerant recovery and reclamation equipment. Certain of these competitors have established reputations for success in the service of air conditioning and refrigeration systems. We may not be able to compete successfully, particularly as we seek to enter into new markets.

A number of factors could negatively impact the price and/or availability of refrigerants, which would, in turn, adversely affect our business and financial condition.

Refrigerant sales continue to represent a significant portion of our revenues. Therefore, our business is substantially dependent on the availability of both new and used refrigerants in large quantities, which may be affected by several factors including, without limitations; (i) commercial production and consumption limitations imposed by the Act and legislative limitations and ban on HCFC refrigerants; (ii) the ban

on production of CFC based refrigerants under the Act; (iii) the proposed legislation which, if enacted, could impose limitations on production and consumption of HFC refrigerants; (iv) introduction of new refrigerants and air conditioning and refrigeration equipment; (v) price competition resulting from additional market entrants; (vi) changes in government regulation on the use and production of refrigerants; and (vii) reduction in demand for refrigerants. We do not maintain firm agreements with any of our suppliers of refrigerants and we do not hold allowances permitting us to purchase and import HCFC refrigerants abroad. Sufficient amounts of new and/or used refrigerants may not be available to us in the future, or may not be available on commercially reasonable terms. Additionally, we may be subject to price fluctuations, periodic delays or shortages of new and/or used refrigerants. Our failure to obtain and resell sufficient quantities of virgin refrigerants on commercially reasonable terms, or at all, or to obtain, reclaim and resell sufficient quantities of used refrigerants would have a material adverse effect on our operating margins and results of operations.

Issues relating to potential climate change could have an impact on our business.

Refrigerants are considered to be strong greenhouse gases that are believed to contribute to global warming and are now subject to various state and federal regulations relating to the sale, use and emissions of refrigerants. In addition, federal legislation has been proposed that, if enacted, would impose limitations on the production and importation of certain virgin HFC refrigerants and current and future climate change or related legislation and/or regulations, may impose additional compliance burdens on us and on our customers and suppliers which could potentially result in increase administrative costs, decreased demand in the marketplace for our products, and/or increased costs for our supplies and products.

The loss of key management personnel would adversely impact our business.

Our success is largely dependent upon the efforts of our Chief Executive Officer and Chairman. The loss of his services would have a material adverse effect on our business and prospects.

We have the ability to designate and issue preferred stock, which may have rights, preferences and privileges greater than Hudson's common stock and which could impede a subsequent change in control of us.

Our Certificate of Incorporation authorizes our Board of Directors to issue up to 5,000,000 shares of "blank check" preferred stock and to fix the rights, preferences, privileges and restrictions, including voting rights, of these shares, without further shareholder approval. The rights of the holders of our common stock will be subject to, and may be adversely affected by, the rights of holders of any additional preferred stock that may be issued by us in the future. Our ability to issue preferred stock without shareholder approval could have the effect of making it more difficult for a third party to acquire a majority of its voting stock, thereby delaying, deferring or preventing a change in control of us.

If our common stock were delisted from NASDAQ it would be subject to "penny stock" rules which could negatively impact its liquidity and our shareholders' ability to sell their shares.

Our common stock is currently listed on the NASDAQ Capital Market. We must comply with numerous NASDAQ MarketPlace rules in order to continue the listing of our common stock on NASDAQ. There can be no assurance that we can continue to meet the rules required to maintain the NASDAQ listing of our common stock. If we are unable to maintain our listing on NASDAQ, the market liquidity of our common stock may be severely limited.

Our management effectively control our affairs.

Currently, our officers and directors collectively own approximately 32% of our outstanding common stock. Accordingly, our officers and directors are in a position to significantly effect, and potentially fully control us and the election of our directors. There is no provision for cumulative voting for our directors.

Item 1B. Unresolved Staff Comments

Not Applicable

Item 2. Properties

The Company's Auburn, Washington depot facility is located in a 3,000 square foot building leased from an unaffiliated third party at an annual rental of \$25,000 pursuant to a month to month rental agreement.

The Company's Baton Rouge, Louisiana depot facility is located in a 3,600 square foot building leased from an unaffiliated third party at an annual rental of \$27,000 pursuant to a month to month rental agreement.

The Company's Champaign, Illinois facility is located in a 48,000 square foot building, which was purchased by the Company in May 2005 for \$999,999. The Company has financed the purchase with a 15 year amortizing loan in the amount of \$945,000 with a balloon payment due on June 1, 2012. As of December 31, 2010, the Company has outstanding \$705,000 under its mortgage and the annual real estate taxes on this facility are approximately \$42,000.

The Company has established a second facility in Champaign, Illinois, which is located in a 60,000 square foot building. The building is leased from an unaffiliated third party at an annual rental of \$234,000, pursuant to an arrangement expiring in December 2011.

The Company's Charlotte, North Carolina depot facility is located in an 8,500 square foot building leased from an unaffiliated third party at an

annual rental of \$60,000 pursuant to an agreement expiring in January 2013.

The Company's Orangeburg, New York depot facility is located in an 18,000 square foot building leased from an unaffiliated third party at an annual rental of \$179,000 pursuant to an agreement expiring in June 2011.

The Company's headquarters are located in a 4,400 square foot building in Pearl River, New York. The building is leased from an unaffiliated third party at an annual rental of \$107,000 pursuant to an agreement expiring in March 2013.

The Company's Pottsboro, Texas telemarketing facility is located in a 1,350 square foot building leased from an unaffiliated third party at an annual rental of \$18,000 pursuant to an agreement expiring in August 2011.

The Company's Hampstead, New Hampshire telemarketing facility is located in a 1,600 square foot building leased from an unaffiliated third party at an annual rental of \$22,000 pursuant to an agreement expiring in August 2012.

In addition to the above leases, the Company from time to time utilizes public warehouse space on a month to month basis. The Company typically enters into short-term leases for its facilities and whenever possible extends the expiration date of such leases. The Company believes that its insurance policies are adequate to protect the Company's property.

Item 3. Legal Proceedings

On April 1, 1999, the Company reported a release of approximately 7,800 lbs. of R-11 refrigerant (the "1999 Release"), at its former leased facility in Hillburn, NY (the "Hillburn Facility"), which the Company vacated in June 2006. A failed hose connection to one of the Company's outdoor storage tanks allowed liquid R-11 refrigerant ("R-11") to discharge from the tank into the concrete secondary containment area in which the subject tank was located.

Between April 1999 and May 1999, with the approval of the New York State Department of Environmental Conservation ("DEC"), the Company constructed and put into operation a remediation system to remove R-11 levels in the groundwater under and around the Hillburn Facility.

In September 2000, the Company signed an Order on Consent with the DEC, which was amended in May 2001, whereby the Company agreed to operate the remediation system and perform monthly testing at the Hillburn Facility until remaining groundwater contamination has been effectively abated. In July 2005, the DEC approved a modification of the Order on Consent to reduce the frequency of testing from monthly to quarterly. The Company is continuing to operate the remediation system pursuant to the approved modifications to that Order on Consent and, as of December 31, 2010, the Company has accrued, as an expense in its consolidated financial statements, the costs that the Company believes it will incur in connection with its compliance with the Order on Consent through December 31, 2012. There can be no assurance that additional testing will not be required or that the Company will not incur additional costs, and such costs in excess of the Company's estimate may have a material adverse effect on the Company financial condition or results of operations.

In May 2000, the Hillburn Facility, as a result of the 1999 Release, was nominated by the EPA for listing on the National Priorities List ("NPL") pursuant to CERCLA. The Company submitted opposition to the listing within the sixty-day comment period. In

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September 2003, the EPA advised the Company that it has no current plans to finalize the process for listing of the Hillburn Facility on the NPL and that the EPA will not withdraw the proposal for listing on the NPL.

In October 2001, the Company learned that trace levels of R-11 were detected in one of the wells operated by United Water of New York, Inc. ("United") that is in the closest proximity to the Village of Suffern's ("Village") well system. No contamination of R-11 has ever been detected in any of the Village's wells and, since October 2002, the level of R-11 in the United well closest to the Village has been below 1 ppb. In September 2004, the Village advised that it intends to continue performing additional sampling of its wells at a cost of approximately \$5,000 per year and the Company has reimbursed the Village for sampling costs through September 2005.

The Company has exhausted all insurance proceeds available for the 1999 Release under all applicable policies.

During the years ended December 31, 2010 and 2009, the Company incurred \$72,000 and \$76,000, respectively, in additional remediation costs in connection with the matters above. There can be no assurance that the 1999 Release will not impact the Village wells, or that the ultimate outcome of the 1999 Release will not have a material adverse effect on the Company's financial condition and results of operations. There can be no assurance that the EPA will not change its current plans and seek to finalize the process of listing the Hillburn Facility on the NPL, or that the ultimate outcome of such a listing will not have a material adverse effect on the Company's financial condition and results of operations.

Item 4. [Removed and reserved]

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Part II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

The Company's common stock trades on the NASDAQ Capital Market under the symbol "HDSN". The following table sets forth, for the

periods indicated, the range of the high and low sale prices for the Common stock as reported by NASDAQ.

	High	Low
<u>2009</u>		
• First Quarter	\$ 1.75	\$ 1.16
• Second Quarter	\$ 1.96	\$ 1.21
• Third Quarter	\$ 1.43	\$ 0.94
• Fourth Quarter	\$ 1.60	\$ 1.01
<u>2010</u>		
• First Quarter	\$ 3.04	\$ 1.35
• Second Quarter	\$ 2.80	\$ 1.81
• Third Quarter	\$ 2.20	\$ 1.52
• Fourth Quarter	\$ 1.88	\$ 1.48

The number of record holders of the Company's common stock was approximately 170 as of February 26, 2011. The Company believes that there are in excess of 2,400 beneficial owners of its common stock.

To date, the Company has not declared or paid any cash dividends on its common stock. The payment of dividends, if any, in the future is within the discretion of the Board of Directors and will depend upon the Company's earnings, its capital requirements and financial condition, borrowing covenants, and other relevant factors. The Company presently intends to retain all earnings, if any, to finance the Company's operations and development of its business and does not expect to declare or pay any cash dividends on its Common stock in the foreseeable future. In addition, the Company has a credit facility with Keltic Financial Partners, LLP ("Keltic") that, among other things, restricts the Company's ability to declare or pay any cash dividends on its capital stock.

See Item 12 for certain information with respect to the Company's equity compensation plans as of December 31, 2010.

Item 6. Selected Financial Data

Not applicable

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Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Safe Harbor Statement Under The Private Securities Litigation Reform Act of 1995

Certain statements contained in this section and elsewhere in this Form 10-K constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, but are not limited to, changes in the demand and price for refrigerants (including unfavorable market conditions adversely affecting the demand for, and the price of refrigerants), the Company's ability to source CFC and non-CFC based refrigerants, regulatory and economic factors, seasonality, competition, litigation, the nature of supplier or customer arrangements that become available to the Company in the future, adverse weather conditions, possible technological obsolescence of existing products and services, possible reduction in the carrying value of long-lived assets, estimates of the useful life of its assets, potential environmental liability, customer concentration, the ability to obtain financing, and other risks detailed in this report and in the Company's other periodic reports filed with the Securities and Exchange Commission ("SEC"). The words "believe", "expect", "anticipate", "may", "plan", "should" and similar expressions identify forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statement was made.

Critical Accounting Policies

The Company's discussion and analysis of its financial condition and results of operations are based upon its consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these consolidated financial statements requires the Company to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. Several of the Company's accounting policies involve significant judgments, uncertainties and estimations. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities. Actual results may differ from these estimates under different assumptions or conditions. To the extent that actual results differ from management's judgments and estimates, there could be a material adverse effect on the Company. On a continuous basis, the Company evaluates its estimates, including, but not limited to, those estimates related to its allowance for doubtful accounts, inventory reserves, and valuation allowance for the deferred tax assets relating to its net operating loss carryforwards ("NOLs") and commitments and contingencies. With respect to accounts receivable, the Company estimates the necessary allowance for doubtful accounts based on both historical and anticipated trends of payment history and the ability of the customer to fulfill its

obligations. For inventory, the Company evaluates both current and anticipated sales prices of its products to determine if a write down of inventory to net realizable value is necessary. In determining the Company's valuation allowance for its deferred tax assets, the Company assesses its ability to generate taxable income in the future. The Company utilizes both internal and external sources to evaluate potential current and future liabilities for various commitments and contingencies. In the event that the assumptions or conditions change in the future, the estimates could differ from the original estimates.

Overview

Sales of refrigerants continue to represent a significant portion of the Company's revenues. The Company's refrigerant sales are primarily HCFC and HFC based refrigerants and to a lesser extent CFC based refrigerants that are no longer manufactured. Under the Act, commencing in 2010, future production of certain virgin HCFC refrigerants is scheduled to be phased out by the year 2020, and production of all virgin HCFC refrigerants is scheduled to be phased out by the year 2030.

The Company has created and developed a service offering known as RefrigerantSide® Services. RefrigerantSide® Services are sold to contractors and end-users whose refrigeration systems are used in commercial air conditioning and industrial processing. These services are offered in addition to refrigerant sales and the Company's traditional refrigerant management services, which consist primarily of reclamation of refrigerants. The Company has created a network of service depots that provide a full range of the Company's RefrigerantSide® Services to facilitate the growth and development of its service offerings.

The Company focuses its sales and marketing efforts for its RefrigerantSide® Services on customers who the Company believes most readily appreciate and understand the value that is provided by its RefrigerantSide® Services offering. In pursuing its sales and marketing strategy, the Company offers its RefrigerantSide® Services to customers in the following industries; petrochemical, pharmaceutical, industrial power, manufacturing, commercial facility and property management and maritime. In addition, the Company has expanded its service offering outside of the United States through a strategic alliance with The Linde Group. The Company may incur additional expenses as it develops its RefrigerantSide® Services offering.

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Results of Operations

Year ended December 31, 2010 as compared to the year ended December 31, 2009

Revenues for the fiscal year ended December 31, 2010 were \$37,273,000, an increase of \$13,106,000 or 54% from the \$24,167,000 reported during the comparable 2009 period. The increase in revenues was primarily attributable to an increase in refrigerant revenues of \$12,135,000 and an increase in RefrigerantSide® Services revenues of \$971,000. The increase in refrigerant revenues is primarily related to an increase in the number of pounds of certain refrigerants sold. The increase in RefrigerantSide® Services was attributable to an increase in the average revenues per job completed and to a lesser extent by an increase in the number of jobs completed when compared to the same period of 2009.

Cost of sales for fiscal year ended December 31, 2010 was \$29,241,000, an increase of \$8,885,000 or 44% from the \$20,356,000 reported during the comparable 2009 period. The increase in cost of sales was primarily due to the increase in the number of pounds of refrigerant sold. As a percentage of sales, cost of sales was 78% of revenues for 2010, a decrease from the 84% reported for the comparable 2009 period, primarily due to a lower cost per pound for certain refrigerants in 2010 as compared to the comparable 2009 period.

Operating expenses for the fiscal year ended December 31, 2010 were \$5,880,000, an increase of \$855,000 or 17% from the \$5,025,000 reported during the comparable 2009 period. The increase in operating expenses was primarily related to increased payroll expenses and professional fees. In the 2009 period, the Company recognized certain give-backs of management bonuses as well as having recognized an insurance recovery and there were no such events in the 2010 period.

Other income (expense) for fiscal year ended December 31, 2010 was (\$1,088,000), compared to the (\$1,400,000) reported during the comparable 2009 period. Other income (expense) includes interest expense of \$1,102,000 and \$1,401,000 for the comparable 2010 and 2009 periods, respectively. The decrease in interest expense is due to a reduction in outstanding borrowings in 2010 when compared to 2009.

Income tax provision (benefit) for the fiscal ended December 31, 2010 and 2009 was \$363,000 and (\$119,000), respectively. For 2010, the income tax provision of \$363,000 was for federal and state income tax at statutory rates offset by a refund for prior years taxes. The tax benefits associated with the Company's NOLs are recognized to the extent that the Company is expected to recognize taxable income in future periods. The Company's NOLs are subject to annual limitations and the Company expects to incur certain state and/or federal alternative minimum taxes for the foreseeable future.

Net income for the fiscal year ended December 31, 2010 was \$701,000, an increase of \$3,196,000 from the (\$2,495,000) net loss reported during the comparable 2009 period, primarily due to increased revenues and gross profit, partially offset by increased operating expenses.

Liquidity and Capital Resources

At December 31, 2010, the Company had working capital, which represents current assets less current liabilities of \$12,225,000, an increase of \$2,856,000 from the working capital of \$9,369,000 at December 31, 2009. The increase in working capital is primarily attributable to the proceeds from the sale of equity securities and net income for the period offset by the reclassification of \$3,500,000 of term

loans from long term to short term to reflect the scheduled expiration of the Company's lending facility on June 26, 2011.

Inventory and trade receivables are principal components of current assets. At December 31, 2010, the Company had inventories of \$18,211,000, an increase of \$1,801,000 from \$16,410,000 at December 31, 2009. The increase in the inventory balance is due to the timing and availability of inventory purchases and the sale of refrigerants. The Company's ability to sell and replace its inventory on a timely basis and the prices at which it can be sold are subject, among other things, to current market conditions and the nature of supplier or customer arrangements and the Company's ability to source CFC based refrigerants, which are no longer being manufactured, or non-CFC based refrigerants. At December 31, 2010, the Company had trade receivables, net of allowance for doubtful accounts of \$1,767,000, an increase of \$173,000 from \$1,594,000 at December 31, 2009. The Company's trade receivables are concentrated with various wholesalers, brokers, contractors and end-users within the refrigeration industry that are primarily located in the continental United States.

The Company has historically financed its working capital requirements through cash flows from operations, the issuance of debt and equity securities, and bank borrowings.

Net cash provided by operating activities for the year ended December 31, 2010, was \$3,128,000 compared with net cash provided by operating activities of \$3,360,000 for the comparable 2009 period. Net cash provided by operating activities for the 2010 period was primarily attributable to net income, and an increase in accounts payable, offset by an increase in accounts receivable and inventories.

Net cash used by investing activities for the year ended December 31, 2010, was \$618,000 compared with net cash used by investing activities of \$430,000 for the comparable 2009 period. The net cash used by investing activities for the 2010 period was primarily related to investment in general purpose equipment for the Company's Champaign, Illinois facility.

Net cash provided by financing activities for the year ended December 31, 2010, was \$1,117,000 compared with net cash used by financing activities of \$2,845,000 for the comparable 2009 period. The net cash provided by financing activities for the 2010 period was primarily due to the sale of equity securities offset by repayments of debt.

At December 31, 2010, the Company had cash and cash equivalents of \$3,926,000. The Company continues to assess its capital expenditure needs. The Company may, to the extent necessary, continue to utilize its cash balances to purchase equipment primarily for its operations. The Company estimates that the total capital expenditures for 2011 will be approximately \$600,000.

The following is a summary of the Company's significant contractual cash obligations for the periods indicated that existed as of December 31, 2010 (in 000's):

	<u>Twelve Month Period December 31,</u>					
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>Total</u>
Long and short term debt and capital lease obligations:						
Principal	\$5,012	\$ 948	\$ 41	\$ 27	\$ 2	\$6,030
Estimated interest (1) (2)	276	37	3	1	-	317
Operating leases	<u>594</u>	<u>191</u>	<u>37</u>	<u>4</u>	<u>3</u>	<u>829</u>
Total contractual cash obligations	<u>\$5,882</u>	<u>\$1,176</u>	<u>\$81</u>	<u>\$ 32</u>	<u>\$ 5</u>	<u>\$7,176</u>
	=====	=====	=====	=====	=====	=====

(1) The estimated interest payments on revolving debt are based on the interest rates in effect and the outstanding revolving debt obligation as of December 31, 2010 through the expiration date of the Company's credit facility which expires on June 26, 2011.

(2) The estimated future interest payments on all debt other than revolving debt are based on the respective interest rates applied to the declining principal balances on each of the notes.

On June 26, 2007, a subsidiary of Hudson entered into the credit facility ("the Facility") with Keltic and on April 17, 2008, the Facility was amended to secure the participation of Bridge Healthcare Financial, LLC ("Bridge") and to provide for borrowings of up to \$15,000,000. On September 23, 2009, Keltic advised the Company that it had assumed all of Bridge's rights under the Facility. The Facility consists of a revolving line of credit and two term loans, which expires on June 20, 2011. Advances under the revolving line of credit are limited to (i) 85% of eligible trade accounts receivable and (ii) 55% of eligible inventory. Advances available to Hudson under the A and B term loans may not exceed \$2,500,000 and \$4,500,000, respectively. At December 31, 2010, the Facility bore interest at 6.5%. Substantially all of Hudson's assets are pledged as collateral for its obligations under the Facility. In addition, among other things, the loan agreement restricts Hudson's ability to declare or pay any cash dividends on its capital stock. As of December 31, 2010, Hudson had \$1,373,000 of borrowings outstanding and \$7,478,000 available for borrowing under the revolving line of credit. In addition, as of December 31, 2010, Hudson had \$3,500,000 of borrowings outstanding under the A and B term loans, and all such amounts are included as current debt due to the Facility's expiration date in June 2011. The Company expects to renew its Facility but there can be no assurance that the Company will be successful.

In connection with the April 2008 amendment to the Facility, the Company issued an aggregate of 100,000 five-year common stock purchase warrants exercisable at \$1.88 per share. The fair value of the warrants was \$74,000 and such amount is amortized over the life of the

Facility.

The Facility contains three financial covenants: (a) minimum earnings before interest, taxes, depreciation and amortization ("EBITDA"); (b) minimum tangible net worth; and (c) maximum capital expenditures.

(a) EBITDA, which represents a non-GAAP measurement of certain financial results, is defined in the Facility as total income before interest expense, taxes, depreciation, amortization, and other non-cash expenses ("Adjusted EBITDA"). The Adjusted EBITDA is calculated quarterly on a rolling twelve months basis. Our calculation of Adjusted EBITDA does not represent and should not be considered as an alternative to net income or cash provided by operating activities as determined by GAAP. We make no representation or assertion that Adjusted EBITDA is indicative of our cash provided by operating activities or results of operations. We have provided a reconciliation of Adjusted EBITDA to net income solely for the purpose of complying with SEC regulations and not as an indication that Adjusted EBITDA is a substitute measure for income from operations.

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(b) Tangible net worth is calculated quarterly and is defined as total assets less intangible assets, less total liabilities.

(c) Capital expenditures are compared quarterly on a year to date basis to an annual cap set forth in the Facility.

As of December 31, 2010 and December 31, 2009, the Company was in compliance with these covenants and all other covenants in the Facility, and the Company believes that it is reasonably likely that in the foreseeable future, the Company will continue to be in compliance with all covenants in the Facility.

For the fiscal quarter ended June 30, 2009, the Company obtained a covenant waiver, dated July 15, 2009, for a violation of the Adjusted EBITDA covenant. The June 30, 2009 violation occurred primarily because of the adverse impact on our results of operations from the severe downturn in the economy that began in late 2008. Additionally, our second quarter of 2009 operating results were also unfavorably impacted by unseasonably cool weather in the geographic areas where we conduct our business. The combination of these two factors negatively impacted our operating results.

For the period ended June 30, 2009, the Adjusted EBITDA was \$800,000, versus \$2,100,000 as required by the covenant in the Facility. The company obtained a covenant waiver for this violation of the Adjusted EBITDA covenant. A numeric reconciliation of net income to Adjusted EBITDA is as follows (in thousands):

Net income for the period ended June 30, 2009	\$1,800
Income tax (benefit)	(3,000)
Interest expense	1,400
Depreciation expense	500
Non cash expenses	<u>100</u>
Adjusted EBITDA for the period ended June 30, 2009	<u>\$800</u>

On August 13, 2009, the Facility was amended, which amendment, among other things, reset the Adjusted EBITDA covenant in the Facility to the following:

<u>Quarter Ending</u>	<u>Amount</u>
September 30, 2009	(\$150,000)
December 31, 2009	(\$800,000)
March 31, 2010	(\$400,000)
June 30, 2010	\$900,000
September 30, 2010	\$1,460,000
December 31, 2010	\$1,600,000
March 31, 2011	\$1,900,000

As of December 31, 2009, the Adjusted EBITDA calculation was based on the six month period commencing with July 1, 2009 and ending December 31, 2009. As of December 31, 2009, the Company's Adjusted EBITDA was (\$600,000), versus (\$800,000) as required by the covenant in the Facility and the Company was in compliance with the covenant. A numeric reconciliation of net loss to Adjusted EBITDA is as follows (in thousands):

Net loss for the period ended December 31, 2009	(\$2,400)
Income tax (benefit)	--
Interest expense	600
Depreciation expense	300
Non cash expenses	<u>900</u>
Adjusted EBITDA for the period ended December 31, 2009	(\$600)
	=====

As of March 31, 2010, the Adjusted EBITDA calculation was based on the nine month period commencing with July 1, 2009 and ending March 31, 2010. As of March 31, 2010, the Company's Adjusted EBITDA was (\$600,000), versus (\$400,000) as required by the covenant in the Facility. The period ended March 31, 2010, was negatively affected by a slower than expected recovery from the economic downturn. The

Company obtained a covenant waiver for this violation of the Adjusted EBITDA covenant. A numeric reconciliation of net loss to Adjusted EBITDA is as follows (in thousands):

Net loss for the period ended March 31, 2010	(\$2,700)
Income tax (benefit)	(200)
Interest expense	900
Depreciation expense	400
Non cash expenses	<u>1,000</u>
Adjusted EBITDA for the period ended March 31, 2010	(\$600)
	=====

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On April 28, 2010, the Facility was amended, which amendment, among other things, reset the Adjusted EBITDA covenant in the Facility the following levels:

<u>Quarter Ending</u>	<u>Amount</u>
June 30, 2010	\$713,000
September 30, 2010	\$1,330,000
December 31, 2010	\$1,116,000
March 31, 2011	\$1,259,000
June 30, 2011	\$1,781,000

As of December 31, 2010, the Adjusted EBITDA calculation was based on the nine month period commencing with April 1, 2010 and ending December 31, 2010. As of December 31, 2010, the Company's Adjusted EBITDA was \$2,800,000, versus \$1,116,000 as required by the covenant in the Facility and the Company was in compliance with the covenant. A numeric reconciliation of net income to Adjusted EBITDA is as follows (in thousands):

Net income for the period ended December 31, 2010	\$1,100
Income tax expense	500
Interest expense	700
Depreciation expense	400
Non cash expenses	<u>100</u>
Adjusted EBITDA for the period ended December 31, 2010	\$2,800
	=====

On July 31, 2009, Hudson entered into a Placement Agent Agreement with an investment banking firm, (the "Placement Agent"), engaging the Placement Agent to act as placement agent for a registered direct offering under the Company's shelf registration statement, declared effective September 5, 2008 ("Shelf Registration"), to sell, on a best efforts basis, 3,870,000 shares of the Company's common stock at a sale price of \$1.15 per share (the "2009 Offering").

A closing of the 2009 Offering was held on August 5, 2009, at which time, the Company sold 1,470,000 shares of its common stock at \$1.15 per share and received net proceeds of approximately \$1,400,000 and no other closings were completed. The Placement Agent received compensation from the Company of \$101,000 and a warrant to purchase 73,500 shares of common stock at an exercise price of \$1.4375 per share, plus reimbursement of its expenses of \$56,000. The estimated fair value of the warrant was approximately \$48,000 and such warrant was charged to additional paid in capital as compensation expense to the Placement Agent. As of October 1, 2009, the Company discontinued, and ceased pursuing future sales under, the 2009 Offering.

In September, 2009, the Company issued an aggregate of 32,173 shares of its common stock to certain vendors and the Company expensed approximately \$44,000 as professional fees for these services.

On July 7, 2010, the Company sold 2,737,500 units, with the aggregate units consisting of 2,737,500 shares of the Company's common stock and warrants to purchase 1,368,750 shares, at a price of \$2.00 per unit pursuant to the Company's Shelf Registration and received net proceeds of approximately \$4,900,000 ("2010 Offering"). The warrants issued as part of the 2010 Offering have an exercise price of \$2.60 per share and are exercisable for a five-year period, which commenced on January 7, 2011. The value of the aggregate number of warrants issued pursuant to the 2010 Offering was approximately \$1,300,000 and such amount was charged as a component of stockholders' equity to additional paid in capital.

Effective as of March 4, 2011, the Company re-purchased warrants to purchase 150,000 shares of the Company's common stock, at a price of \$0.60 per share, which warrants were issued in connection with the 2010 Offering.

On March 7, 2011, the remaining 1,218,750 warrants issued in connection with the 2010 Offering were amended on consent of the holders of more than two-thirds of the remaining warrants, to among other things, extend the expiration date of the warrants to July 7, 2016.

In May 2005, the Company purchased its Champaign, Illinois facility for a total purchase price of \$999,999. The Company financed the purchase with a 15 year amortizing loan in the amount of \$945,000 with a balloon payment due on June 1, 2012. The note bears interest at 7% for the first five years and then adjusts annually based on prime plus 2%.

In April 2008, the Company purchased approximately five acres of vacant land adjacent to its Champaign, Illinois facility for \$300,000. The Company financed the purchase with a 15 year amortizing loan in the amount of \$300,000 with a balloon payment due on June 1, 2012. The note bears interest at the fixed rate of 6.7% over the entire term of the note.

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The Company believes that it will be able to satisfy its working capital requirements for the foreseeable future from anticipated cash flows from operations and available funds under the Facility. Any unanticipated expenses, including, but not limited to, an increase in the cost of refrigerants purchased by the Company, an increase in operating expenses or failure to achieve expected revenues from the Company's RefrigerantSide® Services and/or refrigerant sales or additional expansion or acquisition costs that may arise in the future or to the extent that the Company does not renew or replace the Facility when it expires would adversely affect the Company's future capital needs. There can be no assurances that the Company's proposed or future plans will be successful, and as such, the Company may require additional capital sooner than anticipated, which capital may not be available.

Inflation

Inflation has not historically had a material impact on the Company's operations.

Reliance on Suppliers and Customers

The Company's financial performance and its ability to sell refrigerants is in part dependent on its ability to obtain sufficient quantities of virgin, non-CFC based refrigerants, and of reclaimable CFC and non-CFC based, refrigerants from manufacturers, wholesalers, distributors, bulk gas brokers and from other sources within the air conditioning, refrigeration and automotive aftermarket industries, and on corresponding demand for refrigerants. The Company's refrigerant sales include CFC based refrigerants, which are no longer manufactured. Additionally, the Company's refrigerant sales include non-CFC based refrigerants, including HCFC and HFC refrigerants, which are the most widely used refrigerants. Effective January 1, 1996, the Act limits the production of virgin HCFC refrigerants, which production was further limited in January 2004. Federal regulations enacted in January 2004 also imposed limitations on the importation of certain virgin HCFC refrigerants. In addition, effective January 1, 2010, the Act further limited the production of virgin HCFC refrigerants and additional federal regulations were enacted which imposed further limitations on the use, production and importation of certain virgin HCFC refrigerants. Under the Act, production of certain virgin HCFC refrigerants is scheduled to be phased out by the year 2020 and production of all virgin HCFC refrigerants is scheduled to be phased out by the year 2030. The limitations imposed by and under the Act may limit supplies of virgin refrigerants for the foreseeable future or cause a significant increase in the price of virgin HCFC refrigerants.

For the years ended December 31, 2010 and 2009, no one customer accounted for 10% or more of the Company's revenues.

The loss of a principal customer or a decline in the economic prospects of and/or a reduction in purchases of the Company's products or services by any such customer could have a material adverse effect on the Company's financial position and results of operations.

Seasonality and Weather Conditions and Fluctuations in Operating Results

The Company's operating results vary from period to period as a result of weather conditions, requirements of potential customers, non-recurring refrigerant and service sales, availability and price of refrigerant products (virgin or reclaimable), changes in reclamation technology and regulations, timing in introduction and/or retrofit or replacement of CFC and non CFC based refrigeration equipment, the rate of expansion of the Company's operations, and by other factors. The Company's business is seasonal in nature with peak sales of refrigerants occurring in the first half of each year. During past years, the seasonal decrease in sales of refrigerants has resulted in losses particularly in the fourth quarter of the year. In addition, during 2009, the Company experienced decreases in sales due, in part, to unseasonably cool weather throughout the spring and summer months, which adversely impacted demand for refrigerants. Delays or inability in securing adequate supplies of refrigerants at peak demand periods, lack of refrigerant demand, increased expenses, declining refrigerant prices and a loss of a principal customer could result in significant losses. There can be no assurance that the foregoing factors will not occur and result in a material adverse effect on the Company's financial position and significant losses. The Company believes that there is a similar seasonal element to RefrigerantSide® Service revenues as refrigerant sales. The Company is continuing to assess its RefrigerantSide® Service revenues seasonal trend.

Recent Accounting Pronouncements

In January 2010, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2010-06, *Measurements and Disclosures (topic 820) - Improving Disclosures about Fair Value Measurements*. ASU 2010-06 requires new disclosures regarding transfers in and out of the Level 1 and 2 and activity within Level 3 fair value measurements and clarifies existing disclosures of inputs and valuation techniques for Level 2 and 3 fair value measurements. ASU 2010-06 also includes conforming amendments to employers' disclosures about postretirement benefit plan assets. The new disclosures and clarifications of existing disclosures are effective for interim and annual reporting periods beginning after December 15, 2009, except for the disclosure of activity within Level 3 fair value measurements, which is effective for fiscal years beginning after December 15, 2010, and for interim periods within those years. There was no impact upon adoption of ASU 2010-06 on January 1, 2010 to our financial position or results of operations. We do not expect there will be an impact to our financial position or results of operations for the additional disclosure requirements in 2011.

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Item 7A. Quantitative and Qualitative Disclosures about Market Risk

Not applicable.

Item 8. Financial Statements and Supplementary Data

The financial statements appear in a separate section of this report following Part IV.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None

Item 9A. Controls and Procedures

Disclosure Controls and Procedures

The Company, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures, as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934, as amended ("Exchange Act"), as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that the Company's disclosure controls and procedures provide reasonable assurance that they are effective to ensure that information required to be disclosed in reports filed under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission, and that such information is accumulated and communicated to the Company's management, including its principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure. Because of the inherent limitations in all control systems, any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Furthermore, the Company's controls and procedures can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the control, and misstatements due to error or fraud may occur and not be detected on a timely basis.

Management's Report on Internal Control over Financial Reporting

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting for the Company as defined in Rule 13a-15(f) under the Exchange Act. The Company's internal control over financial reporting is designed to provide reasonable assurance to the Company's management and board of directors regarding the preparation and fair presentation of published financial statements and the reliability of financial reporting.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2010. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in *Internal Control - Integrated Framework*. Based on our assessment, we believe that, as of December 31, 2010, the Company's internal control over financial reporting is effective based on those criteria.

This annual report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to rules of the SEC that permit the Company to provide only management's report in this annual report on Form 10-K.

Changes in Internal Control over Financial Reporting

There were no changes in the Company's internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) in the quarter ended December 31, 2010 that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Item 9B. Other Information

On March 4, 2011, the Board of Directors, upon recommendation of the Compensation Committee of the Board of Directors, approved awards of cash bonuses to its executive officers. Pursuant to this award, Kevin J. Zugibe will receive a total cash bonus of \$122,000; Brian F. Coleman will receive a total cash bonus of \$77,000; Charles F. Harkins will receive a total cash bonus of \$63,000; and James R. Buscemi will receive a cash bonus of \$42,000.

Effective as of March 4, 2011, the Company re-purchased warrants to purchase 150,000 shares of the Company's common stock, at a price of \$0.60 per share, which warrants were issued in connection with the 2010 Offering.

On March 7, 2011, the remaining 1,218,750 warrants issued in connection with the 2010 Offering were amended on consent of the holders of more than two-thirds of the remaining warrants, to among other things, extend the expiration date of the warrants to July 7, 2016. The description of the Amended Warrant Agreements does not purport to be complete and is qualified in its entirety by reference to the full text of the form of the Amended Warrant Agreement which is filed as Exhibit 10.60 to this Report.

Part III

Item 10. Directors, Executive Officers and Corporate Governance

The information presented below provides information each director has given us about his age, all positions he holds, his principal occupation and his business experience for at least the past five years. In addition to the information presented below regarding each nominee's specific experience, qualifications, attributes and skills that led our Board to the conclusion that he should serve as a director, we also believe that all of our directors have a reputation for integrity, honesty and adherence to high ethical standards. They each have demonstrated business acumen and an ability to exercise sound judgment, as well as a commitment to service to the Company and our Board.

The following table sets forth information with respect to the directors and executive officers of the Company:

<u>Name</u>	<u>Age</u>	<u>Position</u>
Kevin J. Zugibe	47	Chairman of the Board and Chief Executive Officer
Brian F. Coleman	49	President and Chief Operating Officer, Director
James R. Buscemi	57	Chief Financial Officer
Charles F. Harkins, Jr.	49	Vice President Sales
Stephen P. Mandracchia	51	Vice President Legal and Regulatory and Secretary
Vincent P. Abbatecola	64	Director
Dominic J. Monetta	69	Director
Otto C. Morch	77	Director

Kevin J. Zugibe, P.E., a founder of the Company, has been Chairman of the Board and Chief Executive Officer of the Company since its inception in 1991. From May 1987 to May 1994, Mr. Zugibe was employed as a power engineer with Orange and Rockland Utilities, Inc., a major public utility, where he was responsible for all HVAC applications. Mr. Zugibe is a licensed professional engineer, and from December 1990 to May 1994, he was a member of Kevin J. Zugibe & Associates, a professional engineering firm. We believe Mr. Zugibe's qualifications to sit on our Board of Directors include his 25 years of experience in the air conditioning and refrigeration industry including as our founder, our Chairman and Chief Executive Officer for 20 years. Mr. Zugibe is the brother-in-law of Stephen P. Mandracchia.

Brian F. Coleman has been a Director of the Company since December 2007, and President and Chief Operating Officer of the Company since August 21, 2001 and served as Chief Financial Officer of the Company from May 1997 until December 2002. From June 1987 to May 1997, Mr. Coleman was employed by, and since July 1995, was a partner with BDO USA, LLP, the Company's independent registered public accounting firm. We believe Mr. Coleman's qualifications to sit on our Board of Directors include his prior financial and accounting experience obtained as a partner with BDO USA, LLP, his 15 years of experience in the air conditioning and refrigeration industry including as our President and Chief Operating Officer for the past 10 years.

James R. Buscemi has been Chief Financial Officer of the Company since December 2002 and served as Corporate Controller from June 1998 until December 2002. Prior to joining the Company, Mr. Buscemi held various financial positions within Avnet, Inc, including Chief Financial Officer of Avnet's electric motors and component part subsidiary, Brownell Electro, Inc.

Charles F. Harkins, Jr. has been Vice President of Sales of the Company since December 2003. Mr. Harkins has served in a variety of capacities since joining the Company in 1992. Prior to joining the Company, Mr. Harkins served in the U.S. Army for 13 years attaining the rank of Staff Sergeant; he is a graduate of the U.S. Army Engineer School and the U.S. Army Chemical School.

Stephen P. Mandracchia, a founder of the Company, has been Vice President Legal and Regulatory of the Company since August 2003 and has been Secretary of the Company since April 1995. Mr. Mandracchia has served in a variety of capacities with the Company since 1993. Mr. Mandracchia was a member of the law firm of Martin, Vandewalle, Donohue, Mandracchia & McGahan, Great Neck, New York until December 31, 1995 (having been affiliated with such firm since August 1983). Mr. Mandracchia is the brother in-law of Mr. Zugibe.

Vincent P. Abbatecola has been a Director of the Company since June 1994. Mr. Abbatecola is Vice President of Abbey Ice & Spring Water Company, Spring Valley, New York, where he has been employed since May 1971. He was formerly the Chairman of the International Packaged Ice Association and a trustee of Nyack Hospital. Mr. Abbatecola serves on the Rockland Board of Governors and the St. Thomas Aquinas President's Council. We believe that Mr. Abbatecola's qualifications to sit on our Board include his business experience obtained as Vice President of Abbey Ice and Spring Water Company, his 16 years of experience in the air conditioning and refrigeration industry by virtue of his service on our Board including as Chairman of the Company's Audit Committee for 17 years.

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Dominic J. Monetta, DPA has been a Director of the Company since April 1996. Dr. Monetta has been the President of Resource Alternatives, Inc., a corporate development firm concentrating on solving management and technological issues facing chief executive officers and their senior executives, since August 1993. From December 1991 to May 1993, Dr. Monetta served as the Director of Defense Research and Engineering for Research and Advanced Technology, United States Department of Defense. From June 1989 to December 1991, Dr. Monetta served as the Director of the Office of New Production Reactors, United States Department of Energy. We believe that Dr. Monetta's qualifications to sit on our board include his engineering and other experience obtained as a past director for the US Department of Energy and Defense, his 16 years of experience in the air conditioning and refrigeration industry by virtue of his service on our Board including his membership on the Company's Audit Committee for 4 years.

Otto C. Morch has been a Director of the Company since March 1996. Mr. Morch was a Senior Vice President of Commercial Banking at Provident Savings Bank, F.A. for more than five years until his retirement in December 1997. We believe that Mr. Morch's qualifications to sit on our Board include his financial and other experience obtained as a Senior Vice President at Provident Savings Bank, F.A., his 16 years of experience in the air conditioning and refrigeration industry by virtue of his service on our Board including his membership on the Company's Audit Committee for 17 years.

Hudson has established a Compensation/Stock Option Committee of the Board of Directors, which is responsible for recommending the compensation of our executive officers and for the administration of Hudson's Stock Option Plans. The members of the Committee are Messrs. Abbatecola, Coleman, and Morch.

Hudson has an Audit Committee of the Board of Directors, which supervises the audit and financial procedures of Hudson. The members of the Audit Committee are Messrs. Abbatecola, Monetta and Morch, each of whom is an "independent" director as defined under the rules of NASDAQ. The Audit Committee does not have a member that qualifies as a "financial expert" under the federal securities laws. Each of the members of the Audit Committee has been active in the business community and has broad and diverse backgrounds, and financial experience. Two of the current members have served on Hudson's Audit Committee and have overseen the financial review by Hudson's independent auditors for ten (10) years. Hudson believes that the current members of the Audit Committee are able to fully and faithfully perform the functions of the Audit Committee and that Hudson does not need to install a "financial expert" on the Audit Committee.

The By-laws of Hudson provide that the Board of Directors is divided into two classes. Each class is to have a term of two years, with the term of each class expiring in successive years, and is to consist, as nearly as possible, of one-half of the number of directors constituting the entire Board. The By-laws provide for the number of directors to be fixed by the Board of Directors but in any event, shall be no less than five (5) (subject to decrease by a resolution adopted by the shareholders). At Hudson's August 10, 2010, Annual Meeting of the Shareholders, Messrs. Monetta, and Zugibe were elected as directors to terms of office that will expire at the Annual Meeting of Shareholders to be held in the year 2012. Messrs. Abbatecola, Coleman and Morch are currently serving as directors and their terms of office expire at the Annual Meeting of Shareholders to be held in the year 2011.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our officers and directors, and persons who own more than 10 percent of a registered class of our equity securities, to file reports of ownership and changes in ownership with the SEC. Officers, directors, and greater than 10 percent shareholders are required by SEC regulation to furnish Hudson with copies of all Section 16(a) forms they file.

Based solely on Hudson's review of copies of such forms received by Hudson, and on representations made to us, we believe that during the year ended December 31, 2010, all filing requirements applicable to all officers directors and greater than 10% beneficial shareholders were complied with, except for two late filings in connection with a stock option issuance to each of Mr. Morch and Mr. Monetta.

Code of Conduct and Ethics

We have adopted a written code of conduct and ethics that applies to all directors, and employees, including Hudson's principal executive officer, principal financial officer, principal accounting officer or controller and any persons performing similar functions. We will provide a copy of its code of ethics to any person without charge upon written request addressed to Hudson Technologies, Inc., One Blue Hill Plaza, PO Box 1541, Pearl River, New York 10965, Attention: Stephen P. Mandracchia.

Item 11. Executive Compensation

The following table discloses, for the years indicated, the compensation for our Chief Executive Officer and for our two most highly compensated executive officers, other than the Chief Executive Officer, who were serving as executive officers at the end of the year ended December 31, 2010 and whose total compensation during the year ended December 31, 2010 exceeded \$100,000 (the "Named Executives").

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards (1) (\$)	Non-Equity	Non-qualified	All Other	Total (\$)
						Incentive Plan Compensation (\$) (3)	Deferred Compensation Earnings	Compensation (\$)	
Kevin J.	2010	\$209,181	\$ --	\$ --	\$ --	\$ 122,000	\$ --	\$ --	\$331,181
Zugibe, Chairman, Chief Executive Officer (2)	2009	\$189,131	\$ --	\$ --	\$44,437	\$ --	\$ --	\$ --	\$233,568
Brian F.	2010	\$180,513	\$ --	\$ --	\$ --	\$ 77,000	\$ --	\$ --	\$257,513
Coleman, President,	2009	\$167,440	\$ --	\$ --	\$42,728	\$ --	\$ --	\$ --	\$210,168

Chief
Operating
Officer,
Director (2)

Charles F.	2010	\$167,898	\$ --	\$ --	\$ --	\$ 63,000	\$ --	\$ --	\$230,898
Harkins, Jr.,	2009	\$156,629	\$ --	\$ --	\$41,018	\$ --	\$ --	\$ --	\$197,647

Vice
President
Sales

(1) We utilize the grant date fair value using the Black-Sholes method as described in Note 10 to the Notes to the Consolidated Financial Statements.

(2) Messrs. Coleman and Zugibe did not receive any compensation for services as a director during the years ended December 31, 2010 and 2009.

(3) Non-Equity Incentive Plan Compensation was earned in 2010 and will be paid in 2011.

Narrative Disclosure to Summary Compensation Table

Employment, Termination, Change of Control and other Agreements

Kevin J. Zugibe. On October 10, 2006, we entered into an Amended and Restated Employment Agreement with Kevin J. Zugibe, which currently expires in October 2012 and is automatically renewable for successive two year terms unless either party gives notice of termination at least ninety days prior to the expiration date of the then current term. Pursuant to the agreement, as amended by the First Amendment to Restated Employment Agreement dated December 29, 2008, Mr. Zugibe is receiving an annual base salary of \$192,800 with such increases and bonuses as our Board of Directors may determine. The agreement provides, in the event of Mr. Zugibe's disability, for the continuation of at least 75% of Mr. Zugibe's salary for up to one hundred twenty days after the commencement of his disability. Mr. Zugibe is also entitled to take up to four weeks of vacation, excluding paid holidays.

As part of the agreement, Mr. Zugibe has agreed to certain covenants and restrictions, which include an agreement that Mr. Zugibe will not compete with us in specified geographic areas for a period of twenty-four months after his termination for any reason. The agreement also provides that, in the event of his involuntary separation from Hudson without cause, or in the event of his voluntary separation for a good reason as enumerated in the agreement, Mr. Zugibe will receive severance payments, in the form of the continuation of his annual base salary and benefits for a period of twenty-four months, and a lump sum payment equivalent to the highest bonus paid to Mr. Zugibe in the three years prior to his termination, pro-rated to the date of his termination. We are the beneficiary of a "key-man" insurance policy on the life of Mr. Zugibe in the amount of \$1,000,000.

Brian F. Coleman. On October 10, 2006, we entered into an agreement with Brian F. Coleman, pursuant to which, as amended, Mr. Coleman has agreed to certain covenants and restrictions, which include an agreement that Mr. Coleman will not compete with us in specified geographic areas for a period of eighteen months after his termination for any reason. The agreement provides, in the event of his disability, for the continuation of at least 75% of his salary for up to one hundred twenty days after the commencement of his

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disability. The agreement also provides that, in the event of his involuntary separation without cause, or in the event of his voluntary separation for a good reason as enumerated in the agreement, Mr. Coleman will receive severance payments, in the form of the continuation of his annual base salary and benefits for a period of eighteen months, and a lump sum payment equivalent to the highest bonus paid to him in the three years prior to his termination, pro-rated to the date of his termination.

Charles F. Harkins. On October 10, 2006, we entered into an agreement with Charles F. Harkins, pursuant to which, as amended, Mr. Harkins has agreed to certain covenants and restrictions, which include an agreement that Mr. Harkins will not compete with us in specified geographic areas for a period of eighteen months after his termination for any reason. The agreement provides, in the event of his disability, for the continuation of at least 75% of his salary for up to one hundred twenty days after the commencement of his disability. The agreement also provides that in the event of his involuntary separation without cause, or in the event of his voluntary separation for a good reason as enumerated in the agreement, Mr. Harkins will receive severance payments, in the form of the continuation of his annual base salary and benefits for a period of eighteen months, and a lump sum payment equivalent to the highest bonus paid to him in the three years prior to his termination, pro-rated to the date of his termination.

Stock Option Grants or Stock Awards

The Company did not issue stock options, or grant any stock awards to any of the Named Executives in 2010.

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OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

The following tables discloses the outstanding option awards held by the Named Executives as of December 31, 2010. No options were exercised by the Named Executives during the fiscal year ended December 31, 2010. No stock awards have been issued to the Named Executives.

<u>Name</u>	Number of Securities Underlying Unexercised Options (#) <u>Exercisable</u>	Option Exercise Price (\$)	Option Expiration <u>Date</u>
Kevin J. Zugibe, Chairman, Chief Executive Officer	87,500	\$1.13	3/5/2014
	193,750	\$1.15	3/31/2014
	18,750	\$0.83	9/17/2014
	18,750	\$0.95	10/1/2014
	93,750	\$1.02	1/3/2015
	18,750	\$0.87	4/1/2015
	18,750	\$0.83	7/8/2015
	18,750	\$2.15	9/30/2015
	123,750	\$1.76	12/29/2015
	35,000	\$1.40	3/31/2016
	9,300	\$1.02	10/10/2016
	195,000	\$0.85	11/20/2017
	78,000	\$1.26	12/17/2019
Brian F. Coleman, President, Chief Operating Officer, Director	75,000	\$1.13	3/5/2014
	18,750	\$1.15	3/31/2014
	12,500	\$0.83	9/17/2014
	12,500	\$0.95	10/1/2014
	62,500	\$1.02	1/3/2015
	12,500	\$0.87	4/1/2015
	12,500	\$0.83	7/8/2015
	12,500	\$2.15	9/30/2015
	82,500	\$1.76	12/29/2015
	32,500	\$1.40	3/31/2016
	8,100	\$1.02	10/10/2016
	180,000	\$0.85	11/20/2017
	75,000	\$1.26	12/17/2019
Charles F. Harkins, Jr., Vice President Sales	13,114	\$1.13	3/5/2014
	14,063	\$1.15	3/31/2014
	9,375	\$2.15	9/30/2015
	61,875	\$1.76	12/29/2015
	23,125	\$1.40	3/31/2016
	7,900	\$1.02	10/10/2016
	78,600	\$0.85	11/20/2017
	72,000	\$1.26	12/17/2019

Stock Option Plans

1994 Stock Option Plan

We adopted an Employee Stock Option Plan (the "1994 Plan") effective October 31, 1994 pursuant to which 725,000 shares of our common stock were reserved for issuance upon the exercise of options designated as either (i) options intended to constitute incentive stock options ("ISOs") under the Internal Revenue Code of 1986, as amended (the "Code"), or (ii) nonqualified options. ISOs could be granted under the 1994 Plan to our employees and officers. Non-qualified options could be granted to consultants, directors (whether or not they are employees), our employees or officers. Effective November 1, 2004, our ability to grant options under the 1994 Plan expired.

All options granted under the 1994 Plan are not transferable during an optionee's lifetime but are transferable at death by will or by the laws of descent and distribution. In general, upon termination of employment of an optionee, all options granted to such person that are not exercisable on the date of such termination immediately terminate, and any options that are exercisable terminate 90 days following termination of employment.

As of December 31, 2010, we had options outstanding to purchase 59,364 shares of our common stock under the 1994 Plan.

1997 Stock Option Plan

We adopted the 1997 Stock Option Plan (the "1997 Plan") effective June 11, 1997 pursuant to which 2,000,000 shares of our common stock were reserved for issuance upon the exercise of options designated as either (i) ISOs under the Code, or (ii) nonqualified options. ISOs could be granted under the 1997 Plan to our employees and officers. Non-qualified options could be granted to consultants, directors (whether or not they are employees), our employees or officers. Stock appreciation rights could also be issued in tandem with stock options. Effective June 11, 2007 our ability to grant options under the 1997 Plan expired.

All options granted under the 1997 Plan are not transferable during an optionee's lifetime but are transferable at death by will or by the laws of descent and distribution. In general, upon termination of employment of an optionee, all options granted to such person that are not exercisable on the date of such termination immediately terminate, and any options that are exercisable terminate 90 days following termination of employment.

As of December 31, 2010, we had options outstanding to purchase 802,678 shares of our common stock under the 1997 Plan.

2004 Stock Incentive Plan

We have adopted the 2004 Stock Incentive Plan (the "2004 Plan"), pursuant to which 2,500,000 shares of our common stock are currently reserved for issuance upon the exercise of options, designated as either (i) ISOs, under the Code or (ii) non-qualified options, or for issuance upon the granting of restricted stock, deferred stock or other stock-based awards. ISOs may be granted under the 2004 Plan to employees and officers of Hudson. Non-qualified options, restricted stock, deferred stock or other stock-based awards may be granted to consultants, directors (whether or not they are employees), employees or officers of Hudson. Stock appreciation rights may also be issued in tandem with stock options.

The 2004 Plan is intended to qualify under Rule 16b-3 under the Exchange Act and is administered by our Compensation/Stock Option Committee of the Board of Directors. The Committee, within the limitations of the 2004 Plan, determines the persons to whom options will be granted, the number of shares to be covered by each option, whether the options granted are intended to be ISOs, the duration and rate of exercise of each option, the exercise price per share and the manner of exercise and the time, manner and form of payment upon exercise of an option. In the case of restricted stock, deferred stock or other stock-based awards, the Committee, within the limitations of the 2004 Plan, determines the persons to whom awards will be granted, the number of shares of stock subject to the award, and the restrictions on issuance and transfer of such shares. Unless the 2004 Plan is sooner terminated, the ability to grant options or other awards under the 2004 Plan will expire on September 10, 2014.

ISOs granted under the 2004 Plan may not be granted at a price less than the fair market value of our common stock on the date of grant (or 110% of fair market value in the case of ISO's granted to a 10% shareholder). In the case of ISOs, the aggregate fair market value of shares for which ISOs granted to any employee are exercisable for the first time by such employee during any calendar year (under all of our stock option plans) may not exceed \$100,000. Non-qualified options granted under the 2004 Plan may not be granted at a price less than the fair market value of our common stock. Options granted under the 2004 Plan will expire not more than ten years from the date of grant (five years in the case of ISOs granted to a 10% shareholder). Except as otherwise provided by the Committee with respect to non-qualified options, all options, restricted stock, deferred stock or other stock-based awards granted under the 2004 Plan are not transferable during a grantee's lifetime but are transferable at death by will or by the laws of descent and distribution. In general, upon termination of employment of a grantee, all options, restricted stock, deferred stock or other stock-based

awards granted to such person which are not exercisable on the date of such termination immediately terminate, and any options that are exercisable terminate 90 days following termination of employment.

As of December 31, 2010, we had options outstanding to purchase 2,214,901 shares of common stock and 20,000 shares are reserved for future issuances under the 2004 Plan.

2008 Stock Incentive Plan

We have adopted the 2008 Stock Incentive Plan (the "2008 Plan"), pursuant to which 3,000,000 shares of our common stock are currently reserved for issuance upon the exercise of options, designated as either (i) ISOs, under the Code or (ii) non-qualified options, or for issuance upon the granting of restricted stock, deferred stock or other stock-based awards. ISOs may be granted under the 2008 Plan to employees and officers of Hudson. Non-qualified options, restricted stock, deferred stock or other stock-based awards may be granted to consultants, directors (whether or not they are employees), employees or officers of Hudson. Stock appreciation rights may also be issued in tandem with stock options.

The 2008 Plan is intended to qualify under Rule 16b-3 under the Exchange Act and is administered by our Compensation/Stock Option Committee of the Board of Directors. The Committee, within the limitations of the 2008 Plan, determines the persons to whom options will be granted, the number of shares to be covered by each option, whether the options granted are intended to be ISOs, the duration and rate of exercise of each option, the exercise price per share and the manner of exercise and the time, manner and form of payment upon exercise of an option. In the case of restricted stock, deferred stock or other stock-based awards, the Committee, within the limitations of the 2008 Plan, determines the persons to whom awards will be granted, the number of shares of stock subject to the award, and the restrictions on issuance and transfer of such shares. Unless the 2008 Plan is sooner terminated, the ability to grant options or other awards under the 2008 Plan will expire on June 19, 2018.

ISOs granted under the 2008 Plan may not be granted at a price less than the fair market value of our common stock on the date of grant (or 110% of fair market value in the case of ISO's granted to a 10% shareholder). In the case of ISOs, the aggregate fair market value of shares for which ISOs granted to any employee are exercisable for the first time by such employee during any calendar year (under all of our stock option plans) may not exceed \$100,000. Non-qualified options granted under the 2008 Plan may not be granted at a price less than the fair market value of our common stock. Options granted under the 2008 Plan will expire not more than ten years from the date of grant (five years in the case of ISOs granted to a 10% shareholder). Except as otherwise provided by the Committee with respect to non-qualified options, all options, restricted stock, deferred stock or other stock-based awards granted under the 2008 Plan are not transferable during an grantee's lifetime but are transferable at death by will or by the laws of descent and distribution. In general, upon termination of employment of a grantee, all options, restricted stock, deferred stock or other stock-based awards granted to such person which are not exercisable on the date of such termination immediately terminate, and any options that are exercisable terminate 90 days following termination of employment.

As of December 31, 2010, we had options outstanding to purchase 335,000 shares of common stock and 2,665,000 shares are reserved for issuance of future awards under the 2008 Plan.

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Director Compensation

Non-employee directors receive an annual fee of \$10,000 and receive reimbursement for out-of-pocket expenses incurred for attendance at meetings of the Board of Directors and Board Committee meetings. In 2010, non-employee directors each received an annual fee of \$10,000 and reimbursement for out-of-pocket expenses incurred for attendance at meetings of the Board of Directors and Board committee meetings. The following table discloses the compensation of the non-employee directors who served as our directors during the year ended December 31, 2010. We reimburse each of our non-employee directors for their reasonable expenses incurred in connection with attending meetings of our board of directors and related committees.

DIRECTOR COMPENSATION

<u>Name</u>	<u>Fees earned or paid in cash</u>	<u>Stock Awards</u>	<u>Option Awards (1)</u>	<u>Non-Equity Incentive Plan Compensation</u>	<u>Nonqualified Deferred Compensation Earnings</u>	<u>All Other Compensation</u>	<u>Total</u>
Vincent P. Abbatecola (2)	\$10,000	\$ --	\$28,570	\$ --	\$ --	\$ --	\$38,570
Dominic J. Monetta	\$10,000	\$ --	\$28,570	\$ --	\$ --	\$ --	\$38,570
Otto C. Morch (2)	\$10,000	\$ --	\$28,570	\$ --	\$ --	\$ --	\$38,570

(1) We utilize the grant date fair value using the Black-Sholes method as described in Note 10 to the Notes to the Consolidated Financial Statements.

(2) As of December 31, 2010, Mr. Abbatecola has options to purchase 105,000 shares of common stock outstanding, Mr. Morch has options to purchase 87,500 shares of common stock outstanding, and Mr. Monetta has options to purchase 65,000 shares of common stock outstanding.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The following table sets forth information as of February 26, 2011 based on information obtained from the persons named below, with respect to the beneficial ownership of Hudson's common stock by (i) each person known by Hudson to be the beneficial owner of more than 5% of Hudson's outstanding common stock, (ii) the Named Executives, (iii) each director of Hudson, and (iv) all of our directors and executive officers as a group:

BENEFICIAL OWNERSHIP TABLE

<u>Title of Class</u>	<u>Name of Beneficial Owner</u>	<u>Amount and Nature of Beneficial Ownership (1)</u>	<u>Percent of Class</u>
Common Stock	Kevin J. Zugibe	5,636,705 (2)	22.83%
Common Stock	Brian F. Coleman	947,176 (3)	3.89%
Common Stock	Charles F. Harkins	280,052 (4)	1.16%
Common Stock	Stephen P. Mandracchia	2,325,695 (5)	9.63%
Common Stock	Vincent P. Abbatecola	145,000 (6)	*
Common Stock	Dominic J. Monetta	185,100 (7)	*
Common Stock	Otto C. Morch	108,800 (8)	*
Common Stock	Marathon Capital Management, LLC	1,708,450 (9)	7.18%
Common Stock	All directors and executive officers as a group (Eight Persons)	10,207,298 (10)	38.54%

* = Less than 1%

(1) A person is deemed to be the beneficial owner of securities that can be acquired by such person within 60 days from February 26, 2011. Each beneficial owner's percentage ownership is determined by assuming that options and warrants that are held by such person

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(but not held by any other person) and which are exercisable within 60 days from February 26, 2010 have been exercised. Unless otherwise noted, Hudson believes that all persons named in the table have sole voting and investment power with respect to all shares of our common stock beneficially owned by them. The address for each beneficial owner, unless otherwise noted, is c/o Hudson Technologies, Inc. at PO Box 1541, One Blue Hill Plaza, Pearl River, New York 10965.

(2) Includes (i) 87,500 shares which may be purchased at \$1.13 per share; (ii) 193,750 shares which may be purchased at \$1.15 per share; (iii) 37,500 shares which may be purchased at \$.83 per share; (iv) 18,750 shares which may be purchased at \$.95 per share; (v) 93,750 shares which may be purchased at \$1.02 per share; (vi) 18,750 shares which may be purchased at \$.87 per share; (vii) 18,750 shares which may be purchased at \$2.15 per share; (viii) 123,750 shares which may be purchased at \$1.76 per share; (ix) 35,000 shares which may be purchased at \$1.40 per share; (x) 9,300 shares which may be purchased at \$1.02 per share, (xi) 195,000 shares that may be purchased at \$0.85 per share; and (xii) 78,000 shares which may be purchased at \$1.26 per share, under immediately exercisable options.

(3) Includes (i) 75,000 shares which may be purchased at \$1.13 per share; (ii) 18,750 shares which may be purchased at \$1.15 per share; (iii) 25,000 shares which may be purchased at \$.83 per share; (iv) 12,500 shares which may be purchased at \$.95 per share; (v) 62,500 shares which may be purchased at \$1.02 per share; (vi) 12,500 shares which may be purchased at \$.87 per share; (vii) 12,500 shares which may be purchased at \$2.15 per share; (viii) 82,500 shares which may be purchased at \$1.76 per share; (ix) 32,500 shares which may be purchased at \$1.40 per share; (x) 8,100 shares which may be purchased at \$1.02 per share, (xi) 180,000 shares which may be purchased at \$0.85 per share; (xii) and 75,000 shares which may be purchased at \$1.26 per share, under immediately exercisable options.

(4) Includes (i) 13,114 shares which may be purchased at \$1.13 per share; (ii) 14,063 shares which may be purchased at \$1.15 per share; (iii) 9,375 shares which may be purchased at \$2.15 per share; (iv) 61,875 shares which may be purchased at \$1.76 per share; (v) 23,125 shares which may be purchased at \$1.40 per share; (vi) 7,900 shares which may be purchased at \$1.02; (vii) 78,600 which may be purchased at \$0.85 per share; and (viii) 72,000 shares which may be purchased at \$1.26 per share, under immediately exercisable options.

(5) Includes (i) 1,508,420 shares held of record in the name of Mr. Mandracchia's wife, Theresa Mandracchia, over which Mr. Mandracchia has sole voting power and shared dispositive power, and (ii) the following shares which may be purchased by Mr. Mandracchia upon the exercise of options previously granted to him: (a) 40,000 shares which may be purchased at \$1.13 per share; (b) 9,375 shares which may be purchased at \$1.15 per share; (c) 12,500 shares which may be purchased at \$.83 per share; (d) 6,250 shares which may be purchased at \$.95 per share; (e) 31,250 shares which may be purchased at \$1.02 per share; (f) 6,250 shares which may be purchased at \$.87 per share; (g) 6,250 shares which may be purchased at \$2.15 per share; (h) 51,250 shares which may be purchased at \$1.76 per share; (i) 20,750 shares which may be purchased at \$1.40 per share; (j) 7,400 shares which may be purchased at \$1.02 per share; (k) 125,000 shares that may be purchased at \$0.85 per share; and (l) 58,000 shares which may be purchased at \$1.26 per share, under immediately exercisable

options.

(6) Includes (i) 40,000 shares which may be purchased at \$0.85 per share; (ii) 40,000 shares which may be purchased at \$1.21 per share; and (iii) 25,000 shares which may be purchased at \$1.72, under immediately exercisable options.

(7) Includes (i) 40,000 shares which may be purchased at \$1.21 per share; and (ii) 25,000 shares which may be purchased at \$1.72 per share under immediately exercisable options.

(8) Includes (i) 2,500 shares, which may be purchased at \$1.12 per share; and (ii) 20,000 shares which may be purchased at \$0.85 per share; (iii) 40,000 shares which may be purchased at \$1.21 per share; and (iv) 25,000 shares which may be purchased at \$1.72 per share, under immediately exercisable options.

(9) Represents aggregate amount of beneficially owned common stock as reported in Schedule 13G filed by Marathon Capital Management, LLC on February 1, 2011. The address of Marathon Capital Management, LLC is 4 North Park Drive, Suite 106, Hunt Valley, MD 21030.

(10) Includes exercisable options to purchase 2,704,947 shares of common stock which may be purchased under immediately exercisable options.

Equity Compensation Plan

The following table provides certain information with respect to all of Hudson's equity compensation plans as of December 31, 2010.

<u>Plan Category</u>	Number of securities to be issued upon exercise of outstanding options, warrants and rights <u>(a)</u>	Weighted-average exercise price of outstanding options, warrants and rights <u>(b)</u>	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) <u>(c)</u>
Equity compensation plans approved by security holders	3,411,943	\$1.23	2,685,000
Equity compensation plans not approved by security holders (1)	<u>173,500</u>	\$2.50	--
Total	3,585,443	\$1.62	2,685,000

Includes (i) 100,000 five-year warrants, issued in 2008 to our lenders, in connection with an amendment to the Facility, exercisable at \$1.88 per share, and (ii) 73,500 five-year warrants, issued in 2009 to our placement agent in connection with the Offering exercisable, at \$1.4375 per share.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Our Board of Directors is comprised of five members, of which three directors are independent as defined under NASDAQ marketplace rules. The independent members of the Board are Messrs. Abbatecola, Monetta and Morch. Messrs. Coleman and Zugibe are not independent as defined under NASDAQ marketplace rules.

The independent members of our Board of Directors determine the compensation of our executive officers. The Board of Directors has established a Compensation/Stock Option Committee, which is responsible for recommending to the independent directors the compensation of our executive officers and for the administration of our employee benefit plans. The members of such committee are Messrs. Abbatecola, Coleman and Morch.

In September 2007, the Board established a Nominating Committee consisting of Messrs. Abbatecola, Monetta and Zugibe, and which is responsible for recommending to the independent directors nominees for election to the Board. Nominations to the Board are made by vote of the independent directors of the Board.

The members of our Audit Committee of our Board of Directors are Messrs. Abbatecola, Monetta, and Morch, all of whom are independent as defined under NASDAQ marketplace rules.

Review, approval or ratification of transactions with related persons

Each year, all of our directors and officers are asked to disclose the existence of family relationships and other related transactions in Director and Officer Questionnaires. Our Audit Committee is responsible for reviewing and approving or ratifying related-person transactions. A

related person is any executive officer, director or more than 5% stockholder, or any immediate family member of the foregoing persons, or entity owned or controlled by such person. In addition, pursuant to our Code of Business Conduct and Ethics, all of our employees and directors are required to bring any conflict of interest to the attention of one of the Company's executive officers or directors. In determining whether to approve or ratify a related party transaction, the Audit Committee will consider, among other factors it deems appropriate, whether the related party transaction is on terms no less favorable to us than terms generally available to us from an unaffiliated third-party' under the same or similar circumstances, and the extent of the related party's interest in the transaction. Any transaction which is deemed to be a related party transaction requires the approval, initially by a majority of the non-interested Audit Committee members and finally by a majority of the non-interested Board members. There are no other written procedures governing any review of related person transactions.

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Item 14. Principal Accounting Fees and Services

Audit Fees. The aggregate fees billed by BDO USA, LLP for professional services rendered for the audits and reviews of the Company's financial statements for the years ended December 31, 2010 and 2009 totaled \$208,000 and \$221,000, respectively.

Audit-Related Fees. In 2010 and 2009, the aggregate fees billed by BDO USA, LLP for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements was none.

Tax Fees. In 2010 and 2009 the aggregate fees billed by BDO USA, LLP for professional services rendered for tax advice totaled \$31,000 and \$34,000, respectively.

All Other Fees. In 2010 and 2009, all other fees billed by BDO USA LLP for professional services rendered other than the services described in the paragraphs caption "Audit Fees", "Audit Related Fees" and "Tax Fees" were none.

The Audit Committee has established its pre-approval policies and procedures, pursuant to which the Audit Committee approved the foregoing audit services provided by BDO USA, LLP in 2010. Consistent with the Audit Committee's responsibility for engaging the Company's independent auditors, all audit and permitted non-audit services require pre-approval by the Audit Committee. The full Audit Committee approves proposed services and fee estimates for these services. The Audit Committee chairperson or their designee has been designated by the Audit Committee to approve any services arising during the year that were not pre-approved by the Audit Committee. Services approved by the Audit Committee chairperson are communicated to the full Audit Committee at its next regular meeting and the Audit Committee reviews services and fees for the fiscal year at each such meeting. Pursuant to these procedures, the Audit Committee approved the foregoing audit services provided by BDO USA, LLP.

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Part IV

Item 15. Exhibits, Financial Statement Schedules

- (A)(1) Financial Statements
The consolidated financial statements of Hudson Technologies, Inc. appear after Item 15 of this report
- (A)(2) Financial Statement Schedules
None
- (A)(3) Exhibits
- 3.1 Certificate of Incorporation and Amendment. (1)
 - 3.2 Amendment to Certificate of Incorporation, dated July 20, 1994. (1)
 - 3.3 Amendment to Certificate of Incorporation, dated October 26, 1994. (1)
 - 3.4 Amended By-Laws, as amended March 10, 2006. (11)
 - 3.5 Certificate of Amendment of the Certificate of Incorporation dated March 16, 1999. (2)
 - 3.6 Certificate of Correction of the Certificate of Amendment dated March 25, 1999. (2)
 - 3.7 Certificate of Amendment of the Certificate of Incorporation dated March 29, 1999. (2)
 - 3.8 Certificate of Amendment of the Certificate of Incorporation dated February 16, 2001. (4)
 - 3.9 Certificate of Amendment of the Certificate of Incorporation of Hudson Technologies, Inc., dated March 20, 2002. (5)
 - 3.10 Amendment to Certificate of Incorporation dated January 3, 2003. (6)
 - 3.11 Company's By-Laws, as amended September 19, 2007. (12)
 - 10.1 Assignment of patent rights from Kevin J. Zugibe to Registrant. (1)
 - 10.2 1997 Stock Option Plan of the Company, as amended. (3) (*)
 - 10.3 1994 Stock Option Plan of the Company. (1)*
 - 10.4 Form of Common stock Purchase Warrants to be issued to Holders of 10% Subordinated Convertible Note

- dated December 20, 2002. (6)
- 10.5 2004 Stock Incentive Plan. (10)*
- 10.6 Form of Incentive Stock Option Agreement under the 2004 Stock Incentive Plan of the Company with full vesting upon issuance. (7)
- 10.7 Form of Incentive Stock Option Agreement under the 2004 Stock Incentive Plan of the Company with options vesting in equal quarterly installments over two year period. (7)
- 10.8 Form of Non-Incentive Stock Option Agreement under the 2004 Stock Incentive Plan of the Company with full vesting upon issuance. (7)
- 10.9 Commercial Mortgage, dated May 27, 2005, between Hudson Technologies Company and Busey Bank. (8)
- 10.10 Commercial Installment Mortgage Note, dated May 27, 2005, between Hudson Technologies Company and Busey Bank. (8)
- 10.11 Amended and Restated Employment Agreement with Kevin J. Zugibe, as amended (15)*
- 10.12 Agreement with Brian F. Coleman, as amended. (15)*
- 10.13 Agreement with James R. Buscemi, as amended. (15)*
- 10.14 Agreement with Charles F. Harkins, as amended. (15)*
- 10.15 Agreement with Stephen P. Mandracchia, as amended. (15)*
- 10.16 Amended and Restated Loan Agreement between Hudson Technologies Company and Keltic Financial Partners, L.P., dated June 26, 2007. (28)
- 10.17 Mortgage and Security Agreement between Hudson Technologies Company and Keltic Financial Partners, L.P., dated June 26, 2007. (12)
- 10.18 Amended and Restated Revolving Note, dated June 26, 2007. (12)
- 10.19 Amended and Restated Term Note A, dated June 26, 2007 in the amount of \$2,500,000 (12)
- 10.20 Term Note B, dated June 26, 2007, in the amount of \$4,500,000. (12)
- 10.21 Second Amendment to Amended and Restated Loan Agreement between Hudson Technologies Company, Keltic Financial Partners, L.P and Bridge Healthcare Finance, LLC, dated April 17, 2008. (13)
- 10.22 Second Amended, Restated and Bifurcated Revolving Note, dated April 17, 2008, in the amount of \$10,000,000. (13).
- 10.23 Second Amended, Restated and Bifurcated Revolving Note, dated April 17, 2008, in the amount of \$5,000,000. (13)
- 10.24 Second Amended, Restated and Bifurcated Term Note A, dated April 17, 2008 in the amount of \$1,666,667. (13)
- 10.25 Second Amended, Restated and Bifurcated Term Note A, dated April 17, 2008 in the amount of \$833,333. (13)
- 10.26 Amended, Restated and Bifurcated Term Note B, dated April 17, 2008, in the amount of \$3,000,000. (13)
- 10.27 Amended, Restated and Bifurcated Term Note B, dated April 17, 2008, in the amount of \$1,500,000. (13)

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- 10.28 Warrant to Purchase Common Stock, dated April 17, 2008, for 66,667 shares of Common Stock issued to Keltic Financial Partners, L.P. (13)
- 10.29 Warrant to Purchase Common Stock, dated April 17, 2008, for 33,333 shares of Common Stock issued to Bridge Healthcare Finance, LLC. (13)
- 10.30 2008 Stock Incentive Plan. (14)
- 10.31 Form of Incentive Stock Option Agreement under the 2008 Stock Incentive Plan with full vesting upon issuance. (15)
- 10.32 Form of Incentive Stock Option Agreement under the 2008 Stock Incentive Plan with options vesting in equal installments over two year period. (15)
- 10.33 Form of Non-Incentive Stock Option Agreement under the 2008 Stock Incentive Plan with full vesting upon issuance. (15)
- 10.34 Form of Non-Incentive Stock Option Agreement under the 2008 Stock Incentive Plan with options vesting in equal installments over two year period. (15)
- 10.35 Third Amendment to Amended and Restated Loan Agreement among Hudson Technologies Company, Keltic Financial Partners, L.P. and Bridge Healthcare Finance, LLC, dated March 20, 2009. (16)
- 10.36 Note Purchase Agreement between Hudson Technologies Company and Richard Parrillo, dated March 19, 2009 and executed March 20, 2009. (16)
- 10.37 10% Secured Subordinated Promissory Note of the Company in the amount of \$1,000,000, dated March 26, 2009 issued in favor of Richard Parrillo. (16)
- 10.38 General Security Agreement between Hudson Technologies Company and Richard Parrillo, dated March 19, 2009 and executed March 20, 2009. (16)
- 10.39 Subordination and Intercreditor Agreement among Richard Parrillo, Keltic Financial Partners, L.P., Bridge Healthcare Finance, LLC and Hudson Technologies Company, dated March 26, 2009. (16)
- 10.40 Note Purchase Agreement between Hudson Technologies Company and Catherine Zugibe, dated March 26, 2009. (16)
- 10.41 10% Secured Subordinated Promissory Note of the Company in the amount of \$1,000,000, dated March 26, 2009 issued in favor of Catherine Zugibe. (16)
- 10.42 General Security Agreement between Hudson Technologies Company and Catherine Zugibe, dated March 26, 2009. (16)

- 10.43 Subordination and Intercreditor Agreement between Catherine Zugibe, Keltic Financial Partners, L.P., Bridge Healthcare Finance, LLC and Hudson Technologies Company, dated March 26, 2009. (16)
- 10.44 Fourth Amendment to Amended and Restated Loan Agreement among Hudson Technologies Company, Keltic Financial Partners, L.P. and Bridge Healthcare Finance, LLC, dated July 15, 2009. (17)
- 10.45 Waiver to Loan Agreement among Hudson Technologies Company, Keltic Financial Partners, L.P. and Bridge Healthcare Finance, LLC, dated July 15, 2009. (17)
- 10.46 First Amendment to Note of the Company in the amount of \$1,000,000 dated September 30, 2009 issued in favor of Richard Parrillo. (18)
- 10.47 Placement Agent Agreement between Roth Capital Partners, LLC and Hudson Technologies, Inc., dated July 31, 2009. (19)
- 10.48 Warrant, dated August 5, 2009, for 73,500 shares of Common Stock issued to Roth Capital Partners, LLC. (21)
- 10.49 Form of Subscription Agreement. (19)
- 10.50 Fifth Amendment to Amended and Restated Loan Agreement between Hudson Technologies Company, Keltic Financial Partners II, LP and Bridge Healthcare Finance LLC, dated August 12, 2009. (20)
- 10.51 First Amendment to Amended and Restated Employment Agreement with Kevin J. Zugibe, dated December 30, 2008. (22)
- 10.52 First Amendment to Amended and Restated Loan Agreement with Keltic Financial Partners, L.P., dated July 25, 2007. (28)
- 10.53 Waiver and Sixth Amendment to Amended and Restated Loan Agreement between Hudson Technologies, Inc. and Keltic Financial II, LP, dated April 28, 2010. (23)
- 10.54 Second Amendment to Note of the Company in the amount of \$1,000,000 dated June 30, 2010 issued in favor of Richard Parrillo. (24)
- 10.55 Placement Agency Agreement between Canaccord Genuity, Inc., and Hudson Technologies, Inc., dated July 1, 2010. (25)
- 10.56 Form of Warrant issued in July 2010 Offering (26)
- 10.57 Form of Subscription Agreement relating to July 2010 Offering (27)
- 10.58 Warrant Repurchase Agreement dated March 4, 2011 between the Company and Sonar Partners Fund, L.P. (28)
- 10.59 Warrant Repurchase Agreement dated March 4, 2011 between the Company and Sonar Overseas Fund, Ltd. (28)
- 10.60 Form of Agreement and Consent, to amend warrants issued in connection with the July 2010 offering, dated March 7, 2011. (28)
- 14 Code of Business Conduct and Ethics. (9)
- 21 Subsidiaries of the Registrant. (28)
- 23.1 Consent of BDO USA, LLP. (28)
- 31.1 Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. (28)
- 31.2 Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. (28)
- 32.1 Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of Sarbanes-Oxley Act of 2002. (28)

- 32.2 Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of Sarbanes-Oxley Act of 2002. (28)

-
- (1) Incorporated by reference to the comparable exhibit filed with the Company's Registration Statement on Form SB-2 (No. 33-80279-NY).
 - (2) Incorporated by reference to the comparable exhibit filed with the Company's Quarterly Report on Form 10-QSB for the quarter ended June 30, 1999.
 - (3) Incorporated by reference to the comparable exhibit filed with the Company's Annual Report on Form 10-KSB for the year ended December 31, 1999.
 - (4) Incorporated by reference to the comparable exhibit filed with the Company's Annual Report on Form 10-KSB for the year ended December 31, 2000.
 - (5) Incorporated by reference to the comparable exhibit filed with the Company's Annual Report on Form 10-KSB for the year ended December 31, 2001.
 - (6) Incorporated by reference to the comparable exhibit filed with the Company's Annual Report on Form 10-KSB for the year ended December 31, 2002.
 - (7) Incorporated by reference to the comparable exhibit filed with the Company's Annual Report on Form 10-KSB for the year ended December 31, 2004.
 - (8) Incorporated by reference to the comparable exhibit filed with the Company's Quarterly Report on Form 10-QSB for the quarter ended June 30, 2005
 - (9) Incorporated by reference to the comparable exhibit filed with the Company's Current Report on Form 8-K, for the event dated March 3, 2005, and filed May 31, 2005.
 - (10) Incorporated by reference to Appendix B to the Company's Definitive Proxy Statement on Schedule 14A filed August 14, 2004.
 - (11) Incorporated by reference to the comparable exhibit filed with the Company's Quarterly Report on Form 10-QSB for the quarter ended September 30, 2007.

- (12) Incorporated by reference to the comparable exhibit filed with the Company's Schedule TO filed June 29, 2007.
- (13) Incorporated by reference to comparable exhibit filed with the Company's Current Report on Form 8-K for the event dated April 17, 2008, filed April 22, 2008.
- (14) Incorporated by reference to Appendix I to the Company's Definitive Proxy Statement on Schedule 14A filed July 29, 2008.
- (15) Incorporated by reference to the comparable exhibit filed with the Company's Annual Report on Form 10-K for the year ended December 31, 2008.
- (16) Incorporated by reference to the comparable exhibit filed with the Company's Quarterly Report on Form 10-Q for the quarter ended March 30, 2009.
- (17) Incorporated by reference to the comparable exhibit filed with the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2009.
- (18) Incorporated by reference to the comparable exhibit filed with the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2009.
- (19) Incorporated by reference to the comparable exhibit filed with the Company's Current Report on Form 8-K, for the event dated July 31, 2009, filed August 3, 2009.
- (20) Incorporated by reference to the comparable exhibit filed with the Company's Current Report on Form 8-K, for the event dated August 12, 2009, filed August 18, 2009.
- (21) Filed as an exhibit to the Original Filing
- (22) Incorporated by reference to Exhibit 10.14 filed with the Company's Annual Report on Form 10-K for the year ended December 31, 2008.
- (23) Incorporated by reference to the comparable exhibit filed with the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2010.
- (24) Incorporated by reference to the comparable exhibit filed with the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2010.
- (25) Incorporated by reference to Exhibit 1.1 filed with the Company's Current Report on Form 8-K for the event dated July 1, 2010 and filed July 2, 2010.
- (26) Incorporated by reference to Exhibit 4.1 filed with the Company's Current Report on Form 8-K for the event dated July 1, 2010 and filed July 2, 2010.
- (27) Incorporated by reference to Exhibit 10.1 filed with the Company's Current Report on Form 8-K for the event dated July 1, 2010 and filed July 2, 2010.
- (28) Filed herewith.
- (*) Denotes Management Compensation Plan, agreement or arrangement.

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Hudson Technologies, Inc.

Consolidated Financial Statements

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Report of Independent Registered Public Accounting Firm

To Stockholders and Board of Directors

Hudson Technologies, Inc.

Pearl River, New York

We have audited the accompanying consolidated balance sheets of Hudson Technologies, Inc. and subsidiaries as of December 31, 2010 and 2009 and the related consolidated statements of operations, stockholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the Standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes consideration of internal controls over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Hudson Technologies, Inc. and subsidiaries as of December 31, 2010 and 2009 and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

/s/ BDO USA, LLP

Valhalla, New York

March 7, 2011

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Hudson Technologies, Inc. and subsidiaries

Consolidated Balance Sheets

(Amounts in thousands, except for share and par value amounts)

	<u>2010</u>	<u>December 31,</u> <u>2009</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 3,926	\$ 299
Trade accounts receivable - net	1,767	1,594
Inventories	18,211	16,410
Prepaid expenses and other current assets	<u>376</u>	<u>815</u>
Total current assets	24,280	19,118
Property, plant and equipment, less accumulated depreciation and amortization	3,008	2,925
Other assets	66	104
Deferred tax asset	3,669	4,120
Intangible assets, less accumulated amortization	<u>73</u>	<u>78</u>
Total Assets	\$31,096 =====	\$26,345 =====
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued expenses	\$ 6,350	\$ 4,178
Accrued payroll	693	114
Short-term debt and current maturities of long-term debt	<u>5,012</u>	<u>5,457</u>
Total current liabilities	12,055	9,749
Long-term debt, less current maturities	<u>1,018</u>	<u>4,581</u>
Total Liabilities	13,073	14,330

Commitments and contingencies

Stockholders' equity:

Preferred stock, shares authorized 5,000,000:		
Series A Convertible Preferred stock, \$0.01 par value (\$100 liquidation preference value); shares authorized 150,000; none issued or outstanding	--	--
Common stock, \$0.01 par value; shares authorized 50,000,000; issued and outstanding 23,780,606 and 20,941,706	238	209
Additional paid-in capital	42,887	37,609
Accumulated deficit	<u>(25,102)</u>	<u>(25,803)</u>
Total Stockholders' Equity	<u>18,023</u>	<u>12,015</u>
Total Liabilities and Stockholders' Equity	<u>\$31,096</u>	<u>\$26,345</u>

See accompanying Notes to the Consolidated Financial Statements.

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Hudson Technologies, Inc. and subsidiaries

Consolidated Statements of Operations

(Amounts in thousands, except for share and per share amounts)

	<u>For the years ended December 31,</u>	
	<u>2010</u>	<u>2009</u>
Revenues	\$37,273	\$24,167
Cost of sales	<u>29,241</u>	<u>20,356</u>
Gross Profit	<u>8,032</u>	<u>3,811</u>
Operating expenses:		
Selling and marketing	2,193	1,796
General and administrative, includes \$182 and \$350 for share-based payment arrangements	<u>3,687</u>	<u>3,229</u>
Total operating expenses	<u>5,880</u>	<u>5,025</u>
Operating income (loss)	<u>2,152</u>	<u>(1,214)</u>
Other income (expense):		
Interest expense	(1,102)	(1,401)
Other income	14	1
Total other income (expense)	<u>(1,088)</u>	<u>(1,400)</u>
Income (loss) before income taxes	1,064	(2,614)
Income tax (benefit) expense	<u>363</u>	<u>(119)</u>
Net income (loss)	<u>\$ 701</u>	<u>(\$2,495)</u>
Net income (loss) per common share - basic	<u>\$0.03</u>	<u>(\$ 0.12)</u>
Net income (loss) per common share - diluted	<u>\$0.03</u>	<u>(\$ 0.12)</u>

Weighted average number of shares outstanding - basic	22,373,773	20,054,000
	=====	=====
Weighted average number of shares outstanding - diluted	23,723,650	20,054,000
	=====	=====

See accompanying Notes to the Consolidated Financial Statements.

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Hudson Technologies, Inc. and subsidiaries
Consolidated Statements of Stockholders' Equity

(Amounts in thousands, except for share amounts)

	<u>Common stock</u>		<u>Additional</u>	<u>Accumulated</u>	
	<u>Shares</u>	<u>Amount</u>	<u>Paid-in Capital</u>	<u>Deficit</u>	<u>Total</u>
Balance at December 31, 2008	19,424,533	\$194	\$35,820	(\$23,308)	\$12,706
Sale of common stock	1,470,000	15	1,380	--	1,395
Issuance of common stock upon exercise of stock options	15,000	--	15	--	15
Issuance of common stock for services	32,173	--	44	--	44
Value of share-based arrangements	--	--	350	--	350
Net loss	=	=	=	<u>(2,495)</u>	<u>(2,495)</u>
Balance at December 31, 2009	20,941,706	209	37,609	(25,803)	12,015
Sale of common stock and warrants	2,737,500	28	5,006	--	5,034
Issuance of common stock upon exercise of stock option	101,400	1	90	--	91
Value of share-based arrangements	--	--	182	--	182
Net income	=	=	=	<u>701</u>	<u>701</u>
Balance at December 31, 2010	23,780,606	\$238	\$42,887	(\$25,102)	\$18,023
	=====	=====	=====	=====	=====

See accompanying Notes to the Consolidated Financial Statements.

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Hudson Technologies, Inc. and subsidiaries
Consolidated Statements of Cash Flows
Increase (Decrease) in Cash and Cash Equivalents

(Amounts in thousands)

	<u>For the years ended</u>	
	<u>December 31,</u>	
	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Net income (loss)	\$701	(\$2,495)
Adjustments to reconcile net income (loss) to cash provided by operating activities:		
Depreciation and amortization	540	524
Allowance for doubtful accounts	88	--
Amortization of deferred finance cost	25	25
Value of share-based payment arrangements	182	350
Deferred tax benefit	451	--
Compensation expense for stock purchases	13	31
Changes in assets and liabilities:		
Trade accounts receivable	(261)	137
Inventories	(1,801)	7,203
Prepaid expenses and other current assets	426	(137)
Other assets	13	30
Accounts payable and accrued expenses	<u>2,751</u>	<u>(2,308)</u>
Cash provided by operating activities	<u>3,128</u>	<u>3,360</u>
Cash flows from investing activities:		
Additions to patents	(23)	(39)
Additions to property, plant, and equipment	<u>(595)</u>	<u>(391)</u>
Cash used by investing activities	<u>(618)</u>	<u>(430)</u>
Cash flows from financing activities:		
Proceeds from issuance of common stock and warrants - net	5,125	1,410
Proceeds (repayment) of short-term debt - net	(2,909)	(3,091)
Proceeds from long-term debt	100	--
Repayment of long-term debt	<u>(1,199)</u>	<u>(1,164)</u>
Cash provided (used) by financing activities	<u>1,117</u>	<u>(2,845)</u>
Increase in cash and cash equivalents	3,627	85
Cash and cash equivalents at beginning of period	<u>299</u>	<u>214</u>
Cash and cash equivalents at end of period	<u>\$3,926</u>	<u>\$ 299</u>
	=====	=====
Supplemental disclosure of cash flow information:		
Cash paid during period for interest	\$ 915	\$ 1,321
Cash paid for income taxes	\$ 29	\$ 41
Supplemental schedule of non-cash investing and financing activities:		
Debt issued in connection with purchase of property, plant and equipment	\$ --	\$ 104
Stock issued for services	\$ --	\$ 13

See accompanying Notes to the Consolidated Financial Statements.

Hudson Technologies, Inc. and subsidiaries

Notes to the Consolidated Financial Statements

Note 1 - Summary of Significant Accounting Policies

Business

Hudson Technologies, Inc., incorporated under the laws of New York on January 11, 1991, is a refrigerant services company providing innovative solutions to recurring problems within the refrigeration industry. The Company's products and services are primarily used in commercial air conditioning, industrial processing and refrigeration systems, including (i) refrigerant sales, (ii) refrigerant management services consisting primarily of reclamation of refrigerants and (iii) RefrigerantSide® Services performed at a customer's site, consisting of system decontamination to remove moisture, oils and other contaminants. In addition, RefrigerantSide® Services include predictive and diagnostic services for industrial and commercial refrigeration applications, which are designed to predict potential catastrophic problems and identify inefficiencies in an operating system. The Company's Chiller Chemistry®, Chill Smart®, Fluid Chemistry™, and Performance Optimization are predictive and diagnostic service offerings. The Company operates through its wholly-owned subsidiary, Hudson Technologies Company. Unless the context requires otherwise, reference to the "Company", "Hudson", "we", "us", "our", or similar pronouns refer to Hudson Technologies, Inc. and its subsidiaries.

In preparing the accompanying consolidated financial statements, and in accordance with recently issued SFAS No. 165 "Subsequent Events" (ASC855-10), the Company's management has evaluated subsequent events through March 1, 2010, which is the date that the financial statements were filed.

In the opinion of management, all estimates and adjustments considered necessary for a fair presentation have been included and all such adjustments were normal and recurring.

Consolidation

The consolidated financial statements represent all companies of which Hudson directly or indirectly has majority ownership or otherwise controls. Significant intercompany accounts and transactions have been eliminated. The Company's consolidated financial statements include the accounts of wholly-owned subsidiaries Hudson Holdings, Inc. and Hudson Technologies Company.

Fair value of financial instruments

The carrying values of financial instruments including trade accounts receivable and accounts payable approximate fair value at December 31, 2010 and 2009, because of the relatively short maturity of these instruments. The carrying value of short-and long-term debt approximates fair value, based upon quoted market rates of similar debt issues, as of December 31, 2010 and 2009.

Credit risk

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist principally of temporary cash investments and trade accounts receivable. The Company maintains its temporary cash investments in highly-rated financial institutions and, at times, the balances exceed FDIC insurance coverage. The Company's trade accounts receivables are primarily due from companies throughout the United States. The Company reviews each customer's credit history before extending credit.

The Company establishes an allowance for doubtful accounts based on factors associated with the credit risk of specific accounts, historical trends, and other information. The carrying value of the Company's accounts receivable is reduced by the established allowance for doubtful accounts. The allowance for doubtful accounts includes any accounts receivable balances that are determined to be uncollectible, along with a general reserve for the remaining accounts receivable balances. The Company adjusts its general or specific reserves based on factors that affect the collectability of the accounts receivable balances.

For the years ended December 31, 2010 and 2009 no one customer accounted for 10% or more of the Company's revenues.

The loss of a principal customer or a decline in the economic prospects of and/or a reduction in purchases of the Company's products or services by any such customer could have an adverse effect on the Company's future financial position and results of operations.

Cash and cash equivalents

Temporary investments with original maturities of ninety days or less are included in cash and cash equivalents.

Inventories

Inventories, consisting primarily of refrigerant products available for sale, are stated at the lower of cost, on a first-in first-out basis, or market.

Property, plant, and equipment

Property, plant, and equipment are stated at cost, including internally manufactured equipment. The cost to complete equipment that is under construction is not considered to be material to the Company's financial position. Provision for depreciation is recorded (for financial reporting purposes) using the straight-line method over the useful lives of the respective assets. Leasehold improvements are amortized on a straight-line basis over the shorter of economic life or terms of the respective leases. Costs of maintenance and repairs are charged to expense when incurred.

Due to the specialized nature of the Company's business, it is possible that the Company's estimates of equipment useful life periods may change in the future.

Revenues and cost of sales

Revenues are recorded upon completion of service or product shipment and passage of title to customers in accordance with contractual terms. The Company evaluates each sale to ensure collectability. In addition, each sale is based on an arrangement with the customer and the sales price to the buyer is fixed. License fees are recognized over the period of the license based on the respective performance measurements associated with the license. Royalty revenues are recognized when earned. Cost of sales is recorded based on the cost of products shipped or services performed and related direct operating costs of the Company's facilities. To the extent that the Company charges its customers shipping fees such amounts are included as a component of revenue and the corresponding costs are included as a component of cost of sales.

The Company's revenues are derived from refrigerant and reclamation sales and RefrigerantSide® Services, including license and royalty revenues. The revenues for each of these lines are as follows:

Years Ended December 31, <i>(in thousands)</i>	<u>2010</u>	<u>2009</u>
Refrigerant and reclamation sales	\$33,163	\$21,028
RefrigerantSide® Services	<u>4,110</u>	<u>3,139</u>
Total	<u>\$37,273</u>	<u>\$24,167</u>
	=====	=====

Income taxes

The Company utilizes the asset and liability method for recording deferred income taxes, which provides for the establishment of deferred tax asset or liability accounts based on the difference between tax and financial reporting bases of certain assets and liabilities. The tax benefit associated with the Company's net operating loss carry forwards ("NOLs") is recognized to the extent that the Company is expected to recognize future taxable income. The Company assesses the recoverability of its deferred tax assets based on its expectation that it will recognize future taxable income and adjusts its valuation allowance accordingly. As of December 31, 2010, the net deferred tax asset is \$3,669,000.

Certain states either do not allow or limit NOLs and as such the Company will be liable for certain state taxes. To the extent that the Company utilizes its NOLs, it will not pay tax on such income but may be subject to the federal alternative minimum tax. In addition, to the extent that the Company's net income, if any, exceeds the annual NOL limitation it will pay income taxes based on existing statutory rates. Moreover, as a result of a "change in control", as defined by the Internal Revenue Service, the Company's ability to utilize its existing NOLs is subject to certain annual limitations. The Company's NOLs are subject to annual limitations ranging from \$1,300,000 to \$2,500,000.

As a result of an Internal Revenue Service audit, the 2006 and prior federal tax years have been closed. The Company operates in many states throughout the United States and, as of December 31, 2010, the various states' statutes of limitations remain open for tax years subsequent to 2004. The Company recognizes interest and penalties, if any, relating to income taxes as a component of the provision for income taxes.

Income (loss) per common and equivalent shares

If dilutive, common equivalent shares (common shares assuming exercise of options and warrants) utilizing the treasury stock method are considered in the presentation of diluted earnings per share. The reconciliation of shares used to determine net income (loss) per share is as follows (dollars in thousands):

	Years Ended <u>December 31,</u>	
	<u>2010</u>	<u>2009</u>
Net Income (loss)	\$701	(\$2,495)
	=====	=====
Weighted average number of shares - basic	22,373,773	20,054,000

Shares underlying warrants	26,365	--
Shares underlying options	<u>1,323,512</u>	--
Weighted average number of shares outstanding - diluted	23,723,650	20,054,000
	=====	=====

For the years ended December 31, 2010 and 2009 certain options and warrants aggregating 2,194,000 and 3,567,843 shares, respectively, have been excluded from the calculation of diluted shares, due to the fact that their effect would be anti-dilutive.

Estimates and risks

The preparation of financial statements in conformity with generally accepted accounting principles in the United States requires management to make estimates and assumptions that affect reported amounts of certain assets and liabilities, the disclosure of contingent assets and liabilities, and the results of operations during the reporting period. Actual results could differ from these estimates.

Several of the Company's accounting policies involve significant judgments, uncertainties and estimations. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities. Actual results may differ from these estimates under different assumptions or conditions. To the extent that actual results differ from management's judgments and estimates, there could be a material adverse effect on the Company. On a continuous basis, the Company evaluates its estimates, including, but not limited to, those estimates related to its allowance for doubtful accounts, inventory reserves, valuation allowance for the deferred tax assets relating to its NOLs and commitments and contingencies. With respect to accounts receivable, the Company estimates the necessary allowance for doubtful accounts based on both historical and anticipated trends of payment history and the ability of the customer to fulfill its obligations. For inventory, the Company evaluates both current and anticipated sales prices of its products to determine if a write down of inventory to net realizable value is necessary. In determining the Company's valuation allowance for its deferred tax assets, the Company assesses its ability to generate taxable income in the future.

The Company participates in an industry that is highly regulated, changes in which could affect operating results. Currently the Company purchases virgin, hydrochlorofluorocarbon ("HCFC") and hydrofluorocarbon ("HFC") refrigerants and reclaimable, primarily HCFC and chlorofluorocarbon ("CFC"), refrigerants from suppliers and its customers. Effective January 1, 1996, the Clean Air Act (the "Act") prohibited the production of virgin CFC refrigerants and limited the production of virgin HCFC refrigerants. Effective January 2004, the Act further limited the production of virgin HCFC refrigerants and federal regulations were enacted which impose limitations on the importation of certain virgin HCFC refrigerants. Additionally, effective January 1, 2010, the Act further limited the production of virgin HCFC refrigerants and additional federal regulations were enacted which impose further limitation on the use, production and importation of virgin HCFC refrigerants. Under the Act, production of certain virgin HCFC refrigerants is scheduled to be phased out during the period 2010 through 2020, and production of all virgin HCFC refrigerants is scheduled to be phased out by 2030. Notwithstanding the limitations under the Act, the Company believes that sufficient quantities of new and used refrigerants will continue to be available to it at a reasonable cost for the foreseeable future. To the extent that the Company is unable to source sufficient quantities of refrigerants or is unable to obtain refrigerants on commercially reasonable terms or experiences a decline in demand and/or price for refrigerants, the Company could realize reductions in refrigerant processing and possible loss of revenues, which would have a material adverse affect on operating results.

The Company is subject to various legal proceedings. The Company assesses the merit and potential liability associated with each of these proceedings. In addition, the Company estimates potential liability, if any, related to these matters. To the extent that these estimates are not accurate, or circumstances change in the future, the Company could realize liabilities, which would have a material adverse effect on operating results and its financial position.

Impairment of long-lived assets

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the assets to the future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less the cost to sell.

Recent accounting pronouncements

In January 2010, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2010-06, *Measurements and Disclosures (topic 820) - Improving Disclosures about Fair Value Measurements*. ASU 2010-06 requires new disclosures regarding transfers in and out of the Level 1 and 2 and activity within Level 3 fair value measurements and clarifies existing disclosures of inputs and valuation techniques for Level 2 and 3 fair value measurements. ASU 2010-06 also includes conforming amendments to employers' disclosures about postretirement benefit plan assets. The new disclosures and clarifications of existing disclosures are effective for interim and annual reporting periods beginning after December 15, 2009, except for the disclosure of activity within Level 3 fair value measurements, which is effective for fiscal years beginning after December 15, 2010, and for interim periods within those years. There was no impact upon adoption of ASU 2010-06 on January 1, 2010 to our financial position or results of operations. We do not expect there will be an impact to our financial position or results of operations for the additional disclosure requirements in 2011.

Note 2 - Other income

For the years ended December 31, 2010 and 2009, other income consisted of interest income of \$14,000 and \$1,000, respectively.

Note 3 - Income taxes

During the year ended December 31, 2010, the Company recognized \$451,000 in federal and state income tax expense, offset by a prior period refund of \$88,000. During the year ended December 31, 2009, the Company recognized \$119,000 in federal and state income tax benefits. In future periods, the Company may be subject to federal or state income tax expense due to limitations of the usage of the Company's NOL's. For the year ended December 31, 2009, the Company recognized a tax benefit of \$140,000 to reflect the current recoverable federal income tax paid for the prior year.

Reconciliation of the Company's actual tax rate to the U.S. Federal statutory rate is as follows:

Years ended December 31,	<u>2010</u>	<u>2009</u>
<u>Income tax rates</u>		
- Statutory U.S. federal rate	34%	34%
- States, net U.S. benefits	4%	4%
- Under accrual of prior period taxes	(7%)	--
- Non-Statutory federal and state taxes	--	(1%)
- Change in valuation allowance	=	<u>(32%)</u>
Total	<u>31%</u>	<u>5%</u>
	=====	=====

As of December 31, 2010, the Company had NOL's of approximately \$20,000,000 expiring 2018 through 2029. Approximately \$19,000,000 of the Company's NOL's are subject to an annual limitations ranging from \$1,300,000 to \$2,500,000.

Elements of deferred income tax assets (liabilities) are as follows:

December 31,	<u>2010</u>	<u>2009</u>
<i>(in thousands)</i>		
<u>Deferred tax assets (liabilities)</u>		
- Depreciation & amortization	\$ 133	\$ 118
- Reserves for doubtful accounts	79	83
- Accrued payroll	198	--
- Inventory reserve	41	227
- NOL	<u>7,648</u>	<u>8,177</u>
Subtotal	8,099	8,605
- Valuation allowance	<u>(4,430)</u>	<u>(4,485)</u>
Total	<u>\$ 3,669</u>	<u>\$ 4,120</u>

The Company considered its projected future taxable income, and associated annual limitations, in determining the amount of deferred tax assets to recognize. The Company believes that given the extended time period that it may recognize its deferred tax assets, it is more likely than not it will realize the benefit of these assets prior to their expiration. The Company continues to reserve deferred tax assets relating to the utilization of NOL's for periods that it cannot reasonably predict operating results.

Note 4 - Trade accounts receivable - net

At December 31, 2010 and 2009, trade accounts receivable are net of reserves for doubtful accounts of \$220,000 and \$229,000, respectively.

Note 5- Inventories

Inventories consist of the following:

December 31,	<u>2010</u>	<u>2009</u>
<i>(in thousands)</i>		
Refrigerant and cylinders	\$ 4,781	\$ 6,485
Packaged refrigerants	<u>13,430</u>	<u>9,925</u>
Total	<u>\$18,211</u>	<u>\$16,410</u>
	=====	=====

Note 6 - Property, plant, and equipment

Elements of property, plant, and equipment are as follows:

December 31, <i>(in thousands)</i>	<u>2010</u>	<u>2009</u>	<u>Estimated Lives</u>
<u>Property, plant, & equipment</u>			
- Land	\$ 535	\$ 535	
- Buildings	830	830	39 years
- Building improvements	754	743	39 years
- Equipment	7,072	6,825	3-7 years
- Equipment under capital lease	105	138	5-7 years
- Vehicles	1,050	1,046	5 years
- Lab equipment and computers	792	739	3-5 years
- Furniture & fixtures	152	151	7-8 years
- Leasehold improvements	68	68	3 years
- Equipment under construction	<u>349</u>	<u>53</u>	
Subtotal	11,707	11,128	
Accumulated depreciation & amortization	<u>8,699</u>	<u>8,203</u>	
Total	\$3,008	\$2,925	
	=====	=====	

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Note 7 - Short-term and long-term debt

Elements of short-term and long-term debt are as follows:

December 31, <i>(in thousands)</i>	<u>2010</u>	<u>2009</u>
<u>Short-term & long-term debt</u>		
<i>Short-term debt:</i>		
- Bank credit line	\$1,373	\$3,282
- Long-term debt: current	<u>3,639</u>	<u>2,175</u>
Subtotal	<u>5,012</u>	<u>5,457</u>
<i>Long-term debt:</i>		
- Bank credit line	3,500	4,500
- Building and land mortgage	972	1,039
- Vehicle and equipment loans	113	108
- Subordinated loan	-	1,000
- Capital lease obligations	72	109
- Less: current maturities	<u>(3,639)</u>	<u>(2,175)</u>
Subtotal	<u>1,018</u>	<u>4,581</u>
<u>Total short-term & long-term debt</u>	<u>\$6,030</u>	<u>\$10,038</u>
	=====	=====

Bank Credit Line

On April 17, 2008, Hudson amended its credit facility with Keltic Financial Partners, LLP ("Keltic") and secured participation from Bridge Healthcare Financial, LLC ("Bridge") to provide for borrowings up to \$15,000,000 (the "Facility"). On September 23, 2009, Keltic advised the Company that it has assumed all of Bridge's rights under the Facility. The Facility consists of a revolving line of credit and two term loans, which expires on June 20, 2011. Advances under the revolving line of credit are limited to (i) 85% of eligible trade accounts receivable and (ii) 55% of eligible inventory. Advances available to Hudson under the A and B term loans may not exceed \$2,500,000 and \$4,500,000, respectively. At December 31, 2010, the Facility bore interest at 6.5%. Substantially all of Hudson's assets are pledged as collateral for its obligations under the Facility. In addition, among other things, the agreement restricts Hudson's ability to declare or pay any cash dividends on its capital stock. As of December 31, 2010, Hudson had in the aggregate \$1,373,000 of borrowings outstanding and \$7,478,000 available for borrowing under the revolving line of credit. In addition, as of December 31, 2010, the Company had \$3,500,000 of borrowings outstanding under the A and B term loans and all such amounts are included as current debt due to the Facility's expiration date in June 2011. The Company expects to renew its Facility but there can be no assurance that the Company will be successful.

In connection with the April 2008 amendment to the Facility, the Company issued 100,000 five-year common stock purchase warrants exercisable at \$1.88 per share. The Company utilizes the Black-Scholes pricing model to compute the fair value of the 100,000 stock purchase warrants. The fair value of the warrants was \$74,000 and is being amortized over the life of the Facility. As of December 31, 2010 there was \$6,000 unamortized debt cost, which is included in other assets on the balance sheet .

Building Mortgage

In May 2005, the Company purchased its Champaign, Illinois facility for a total purchase price of \$999,999. The Company financed the purchase with a 15 year amortizing loan in the amount of \$945,000, with a balloon payment due on June 1, 2012. The note bears interest at 7% for the first five years and then adjusts annually based on prime plus 2%. As of December 31, 2010 and 2009, the Company has approximately \$705,000 and \$759,000, respectively, outstanding under the loan.

Land Mortgage

In April 2008, the Company purchased five acres of vacant land adjacent to its Champaign, Illinois facility for \$300,000. The Company financed the purchase with a 15 year amortization loan in the amount of \$300,000 with a balloon payment due on June 1, 2012. The note bears an interest rate at 6.7% and as of December 31, 2010, \$267,000 is outstanding.

Vehicle and Equipment Loans

The Company had entered into various vehicle and equipment loans. These loans are payable in 60 monthly payments through January 2015 and bear interest from 2% to 9.5%.

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Scheduled maturities of the Company's long-term debt and capital lease obligations are as follows:

<u>Years ended December 31,</u> <i>(in thousands)</i>	<u>Amount</u>
- 2011	\$3,639
- 2012	948
- 2013	41
- 2014	27
- 2015	<u>2</u>
Total	\$4,657 =====

Capital Lease Obligations

The Company rents certain equipment with a net book value of approximately \$81,000 at December 31, 2010 under leases, which have been classified as capital leases. Scheduled future minimum lease payments under capital leases net of interest are as follows:

<u>Years ended December 31,</u> <i>(in thousands)</i>	<u>Amount</u>
- 2011	\$28
- 2012	28
- 2013	20
- 2014	<u>5</u>
	81
Less Interest expense	<u>(9)</u>
Total	\$72 =====

Note 8 - Stockholders' equity

On September 5, 2008, the Company's shelf registration statement on Form S-3 (the "Shelf Registration") was declared effective by the SEC.

On July 31, 2009, Hudson entered into a Placement Agent Agreement with Roth Capital Partners, ("Roth"), engaging Roth to act as placement agent for a registered direct offering under the Shelf Registration to sell, on a best efforts basis, 3,870,000 shares of the Company's common stock at a sale price of \$1.15 per share (the "2009 Offering").

A closing of the 2009 Offering was held on August 5, 2009, at which time, Hudson sold 1,470,000 shares of its common stock at \$1.15 per share and received net proceeds of approximately \$1,400,000 and no other closings were completed. As placement agent for the 2009 Offering, Roth received \$101,000 and a warrant to purchase 73,500 shares of common stock at an exercise price of \$1.4375 per share, plus reimbursement of its expenses of \$56,000. The estimated fair value of the warrant was approximately \$48,000 and such warrant was charged to additional paid in capital as compensation expense to Roth. As of October 1, 2009, the Company discontinued, and ceased pursuing further sales under, the 2009 Offering.

In September 2009, the Company issued an aggregate of 32,173 shares of its common stock to certain vendors and the Company expensed approximately \$44,000 as professional fees for these services.

On July 7, 2010, the Company sold 2,737,500 units, with the aggregate units consisting of 2,737,500 shares of the Company's common stock and warrants to purchase 1,368,750 shares, at a price of \$2.00 per unit in a registered direct offering (the "2010 Offering") pursuant to the Shelf Registration. The warrants issued as part of the 2010 Offering have an exercise price of \$2.60 per share and are exercisable for a five-year period, which commenced on January 7, 2011. The net proceeds pursuant to the 2010 Offering was approximately \$4,900,000. The value of the aggregate number of warrants issued pursuant to the 2010 Offering was approximately \$1,300,000 and such amount was charged as a component of stockholders' equity to additional paid in capital.

Effective as of March 4, 2011, the Company re-purchased warrants to purchase 150,000 shares of the Company's common stock, at a price of \$0.60 per share, which warrants were issued in connection with the 2010 Offering.

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On March 7, 2011, the remaining 1,218,750 warrants issued in connection with the 2010 Offering were amended on consent of the holders of more than two-thirds of the remaining warrants, to among other things, extend the expiration date of the warrants to July 7, 2016.

Note 9 - Commitments and contingencies

Rents and operating leases

Hudson utilizes leased facilities and operates equipment under non-cancelable operating leases through March 1, 2013.

Properties

<u>Location</u>	<u>Annual Rent</u>	<u>Lease Expiration Date</u>
Auburn, Washington	\$ 25,000	Month to Month
Baton Rouge, Louisiana	\$ 27,000	Month to Month
Champaign, Illinois	\$234,000	12/2011
Charlotte, North Carolina	\$ 60,000	1/2013
Orangeburg, New York	\$179,000	6/2011
Pearl River, New York	\$107,000	3/2013
Pottsboro, Texas	\$ 18,000	8/2011
Hampstead, New Hampshire	\$ 22,000	8/2012

The Company rents properties and various equipment under operating leases. Rent expense for the years ended December 31, 2010 and 2009 totaled approximately \$643,000 and \$628,000, respectively. In addition to the properties above, the Company does at times utilize public warehouse space on a month to month basis. The Company typically enters into short-term leases for the facilities and wherever possible extends the expiration date of such leases.

Future commitments under operating leases are summarized as follows:

<u>Years ended December 31,</u> <u>(in thousands)</u>	<u>Amount</u>
- 2011	594
- 2012	191
- 2013	37
-2014	4
-2015	<u>3</u>
Total	\$829
	=====

Legal Proceedings

On April 1, 1999, the Company reported a release of approximately 7,800 lbs. of R-11 refrigerant (the "1999 Release"), at its former leased facility in Hillburn, NY (the "Hillburn Facility"), which the Company vacated in June 2006. A failed hose connection to one of the Company's outdoor storage tanks allowed liquid R-11 refrigerant ("R-11") to discharge from the tank into the concrete secondary containment area in which the subject tank was located.

Between April 1999 and May 1999, with the approval of the New York State Department of Environmental Conservation ("DEC"), the Company constructed and put into operation a remediation system to remove R-11 levels in the groundwater under and around the Hillburn Facility.

In September 2000, the Company signed an Order on Consent with the DEC, which was amended in May 2001, whereby the Company agreed to operate the remediation system and perform monthly testing at the Hillburn Facility until remaining groundwater contamination has been effectively abated. In July 2005, the DEC approved a modification of the Order on Consent to reduce the frequency of testing from monthly to quarterly. The Company is continuing to operate the remediation system pursuant to the approved modifications to that Order on

Consent and, as of December 31, 2010, the Company has accrued, as an expense in its consolidated financial statements, the costs that the Company believes it will incur in connection with its compliance with the Order on Consent through December 31, 2012. There can be no assurance that additional testing will not be required or that the Company will not incur additional costs, and such costs in excess of the Company's estimate may have a material adverse effect on the Company financial condition or results of operations.

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In May 2000, the Hillburn Facility, as a result of the 1999 Release, was nominated by the United States Environmental Protection Agency ("EPA") for listing on the National Priorities List ("NPL") pursuant to the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"). The Company submitted opposition to the listing within the sixty-day comment period. In September 2003, the EPA advised the Company that it has no current plans to finalize the process for listing of the Hillburn Facility on the NPL and that the EPA will not withdraw the proposal for listing on the NPL.

In October 2001, the Company learned that trace levels of R-11 were detected in one of the wells operated by United Water of New York, Inc. ("United") that is in the closest proximity to the Village of Suffern's ("Village") well system. No contamination of R-11 has ever been detected in any of the Village's wells and, since October 2002, the level of R-11 in the United well closest to the Village has been below 1 ppb. In September 2004, the Village advised that it intends to continue performing additional sampling of its wells at a cost of approximately \$5,000 per year and the Company has reimbursed the Village for sampling costs through September 2005.

The Company has exhausted all insurance proceeds available for the 1999 Release under all applicable policies.

During the years ended December 31, 2010 and 2009, the Company incurred \$72,000 and \$76,000, respectively, in additional remediation costs in connection with the matters above. There can be no assurance that the 1999 Release will not impact the Village wells, or that the ultimate outcome of the 1999 Release will not have a material adverse effect on the Company's financial condition and results of operations. There can be no assurance that the EPA will not change its current plans and seek to finalize the process of listing the Hillburn Facility on the NPL, or that the ultimate outcome of such a listing will not have a material adverse effect on the Company's financial condition and results of operations.

Employment Agreements

The Company has entered into a two-year employment agreement with Kevin J. Zugibe, which currently expires in October 2012 and is automatically renewable for successive two-year terms unless either party gives notice of termination at least ninety days prior to the then expiration date of the then current term. Pursuant to the agreement, Mr. Zugibe is receiving an annual base salary of \$192,800 with such increases and bonuses as the Company's Board of Directors may determine. The Company is the beneficiary of a "key-man" insurance policy on the life of Mr. Zugibe in the amount of \$1,000,000.

Note 10 - Share-Based compensation

Share-based compensation represents the cost related to share-based awards, typically stock options, granted to employees, non-employees, officers and directors. Share-based compensation is measured at grant date, based on the estimated aggregate fair value of the award on the grant date, and such amount is charged to compensation expense on a straight-line basis (net of estimated forfeitures) over the requisite service period. For the twelve month period ended December 31, 2010 and 2009, the share-based compensation expense of \$182,000 and \$350,000, respectively, is reflected in general and administrative expenses in the consolidated statements of operations.

Share-based awards have historically been stock options issued pursuant to the terms of the Company's 1994, and 1997 stock option plans and the Company's 2004 and 2008 stock incentive plans, (collectively, the "Plans"), described below. The Plans may be administered by the Board of Directors or the Compensation and Stock Option Committee of the Board, or by another committee appointed by the Board from among its members as provided in the Plans. Presently, the Plans are administered by a committee consisting of non-employee directors. As of December 31, 2010, the Plans authorized the issuance of stock options to purchase 5,500,000 shares of the Company's common stock and, as of December 31, 2010 there were 2,685,000 shares of the Company's common stock available for issuance for future stock option grants or other stock based awards.

Stock options are awards, which allow the recipient to purchase shares of the Company's common stock at a fixed price, are typically granted at an exercise price equal to the Company's stock price at the date of grant. Typically, the Company's stock option awards have generally vested from immediately to two years from the grant date and have had a contractual term ranging from five to ten years.

For the years ended December 31, 2010 and 2009, the Company issued 155,000 and 551,000, respectively. At December 31, 2010, there was \$20,000 of unrecognized compensation cost related to non-vested previously granted option awards.

Effective October 31, 1994, the Company adopted an Employee Stock Option Plan ("1994 Plan") pursuant to which 725,000 shares of common stock were reserved for issuance upon the exercise of options designated as either (i) options intended to constitute incentive stock options ("ISOs") under the Internal Revenue Code of 1986, as amended, ("Code") or (ii) nonqualified options. ISOs could be granted under the 1994 Plan to employees and officers of the Company. Non-qualified options could be granted to consultants, directors (whether or not they are employees), employees or officers of the Company. Effective November 1, 2004, the Company's ability to grant options under the 1994 Plan expired.

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Effective July 25, 1997, the Company adopted its 1997 Employee Stock Option Plan, which was amended on August 19, 1999, ("1997 Plan") pursuant to which 2,000,000 shares of common stock were reserved for issuance upon the exercise of options designated as either (i) ISOs under the Code, or (ii) nonqualified options. ISOs could be granted under the 1997 Plan to employees and officers of the Company.

Non-qualified options could be granted to consultants, directors (whether or not they are employees), employees or officers of the Company. Stock appreciation rights could also be issued in tandem with stock options. Effective June 11, 2007, the Company's ability to grant options or stock appreciation rights under the 1997 Plan expired.

Effective September 10, 2004, the Company adopted its 2004 Stock Incentive Plan ("2004 Plan") pursuant to which 2,500,000 shares of common stock are currently reserved for issuance upon the exercise of options, designated as either (i) ISOs under the Code, or (ii) nonqualified options, restricted stock, deferred stock or other stock-based awards. ISOs may be granted under the 2004 Plan to employees and officers of the Company. Non qualified options, restricted stock, deferred stock or other stock-based awards may be granted to consultants, directors (whether or not they are employees), employees or officers of the Company. Stock appreciation rights may also be issued in tandem with stock options. Unless the 2004 Plan is sooner terminated, the ability to grant options or other awards under the 2004 Plan will expire on September 10, 2014.

ISOs granted under the 2004 Plan may not be granted at a price less than the fair market value of the common stock on the date of grant (or 110% of fair market value in the case of persons holding 10% or more of the voting stock of the Company). Nonqualified options granted under the 2004 Plan may not be granted at a price less than the fair market value of the common stock. Options granted under the 2004 Plan expire not more than ten years from the date of grant (five years in the case of ISOs granted to persons holding 10% or more of the voting stock of the Company).

Effective August 27, 2008, the Company adopted its 2008 Stock Incentive Plan ("2008 Plan") pursuant to which 3,000,000 shares of common stock are currently reserved for issuance upon the exercise of options, designated as either (i) ISOs under the Code, or (ii) nonqualified options, restricted stock, deferred stock or other stock-based awards. ISOs may be granted under the 2008 Plan to employees and officers of the Company. Non qualified options, restricted stock, deferred stock or other stock-based awards may be granted to consultants, directors (whether or not they are employees), employees or officers of the Company. Stock appreciation rights may also be issued in tandem with stock options. Unless the 2008 Plan is sooner terminated, the ability to grant options or other awards under the 2008 Plan will expire on August 27, 2018.

ISOs granted under the 2008 Plan may not be granted at a price less than the fair market value of the common stock on the date of grant (or 110% of fair market value in the case of persons holding 10% or more of the voting stock of the Company). Nonqualified options granted under the 2008 Plan may not be granted at a price less than the fair market value of the common stock. Options granted under the 2008 Plan expire not more than ten years from the date of grant (five years in the case of ISOs granted to persons holding 10% or more of the voting stock of the Company).

All stock options have been granted to employees and non-employees at exercise prices equal to or in excess of the market value on the date of the grant.

The Company determines the fair value of share based awards at the grant date by using the Black-Scholes option-pricing model, and is incorporating the simplified method to compute expected lives of share based awards with the following weighted-average assumptions:

Years Ended December 31, Assumptions	2010	2009
Dividend Yield	0 %	0 %
Risk free interest rate	0.8% to 2.5%	.16%
Expected volatility	56% to 85%	54%
Expected lives	3 to 5 years	2 to 5 years

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A summary of the status of the Company's Plans as of December 31, 2010 and 2009 changes for the years ending on those dates is presented below:

Stock Option Plan Totals	Shares	Weighted Average Exercise Price
<u>Outstanding at December 31, 2008</u>	2,859,843	\$1.19
• Exercised	(15,000)	\$1.01
• Forfeited	(1,500)	\$1.87
• Granted	<u>551,000</u>	\$1.25
<u>Outstanding at December 31, 2009</u>	3,394,343	\$1.20
• Exercised	(101,400)	\$0.90
• Forfeited	(36,000)	\$2.02
• Granted	<u>155,000</u>	\$1.89

Outstanding at December 31, 2010 3,411,943 \$1.23

=====

The following is the weighted average contractual life in years and the weighted average exercise price at December 31, 2010 of:

	<u>Number of Options</u>	<u>Weighted Average Remaining Contractual Life</u>	<u>Weighted Average Exercise Price</u>
Options outstanding	3,411,943	6.2 years	\$1.23
Options vested	3,374,443	6.2 years	\$1.23

The following is the intrinsic value for the year ended December 31, 2010 of:

Options outstanding	\$1,567,000
Options vested	\$ 14,000
Options exercised	\$ 139,000

The intrinsic value of options exercised during the year ended December 31, 2009 was \$2,000.

The following is the weighted average fair value for the year ended December 31, 2010 of:

Options granted	\$1.89
Options vested	\$1.72

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SIGNATURES

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

HUDSON TECHNOLOGIES, INC.

By: /s/ Kevin J. Zugibe
Kevin J. Zugibe, Chairman and Chief Executive Officer

Date: March 7, 2011

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

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Kevin J. Zugibe</u> Kevin J. Zugibe	Chairman of the Board and Chief Executive Officer (Principal Executive Officer)	March 7, 2011
<u>/s/ James R. Buscemi</u> James R. Buscemi	Chief Financial Officer (Principal Financial and Accounting Officer)	March 7 2011
<u>/s/ Vincent P. Abbatecola</u> Vincent P. Abbatecola	Director	March 7, 2011
<u>/s/ Brian F. Coleman</u> Brian F. Coleman	Director and President and Chief Operating Officer	March 7, 2011
<u>/s/ Dominic J. Monetta</u> Dominic J. Monetta	Director	March 7, 2011
<u>/s/ Otto C. Morch</u> Otto C. Morch	Director	March 7, 2011

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Index to Exhibits

Exhibit Number	Description
<u>Exhibits</u>	
3.1	Certificate of Incorporation and Amendment. (1)
3.2	Amendment to Certificate of Incorporation, dated July 20, 1994. (1)
3.3	Amendment to Certificate of Incorporation, dated October 26, 1994. (1)
3.4	Amended By-Laws, as amended March 10, 2006. (11)
3.5	Certificate of Amendment of the Certificate of Incorporation dated March 16, 1999. (2)
3.6	Certificate of Correction of the Certificate of Amendment dated March 25, 1999. (2)
3.7	Certificate of Amendment of the Certificate of Incorporation dated March 29, 1999. (2)
3.8	Certificate of Amendment of the Certificate of Incorporation dated February 16, 2001. (4)
3.9	Certificate of Amendment of the Certificate of Incorporation of Hudson Technologies, Inc., dated March 20, 2002. (5)
3.10	Amendment to Certificate of Incorporation dated January 3, 2003. (6)
3.11	Company's By-Laws, as amended September 19, 2007. (12)
10.1	Assignment of patent rights from Kevin J. Zugibe to Registrant. (1)
10.2	1997 Stock Option Plan of the Company, as amended. (3) (*)
10.3	1994 Stock Option Plan of the Company. (1)*
10.4	Form of Common stock Purchase Warrants to be issued to Holders of 10% Subordinated Convertible Note dated December 20, 2002. (6)
10.5	2004 Stock Incentive Plan. (10)*
10.6	Form of Incentive Stock Option Agreement under the 2004 Stock Incentive Plan of the Company with full vesting upon issuance. (7)
10.7	Form of Incentive Stock Option Agreement under the 2004 Stock Incentive Plan of the Company with options vesting in equal quarterly installments over two year period. (7)
10.8	Form of Non-Incentive Stock Option Agreement under the 2004 Stock Incentive Plan of the Company with full vesting upon issuance. (7)
10.9	Commercial Mortgage, dated May 27, 2005, between Hudson Technologies Company and Busey Bank. (8)
10.10	Commercial Installment Mortgage Note, dated May 27, 2005, between Hudson Technologies Company and Busey Bank. (8)
10.11	Amended and Restated Employment Agreement with Kevin J. Zugibe, as amended (15)*
10.12	Agreement with Brian F. Coleman, as amended. (15)*
10.13	Agreement with James R. Buscemi, as amended. (15)*
10.14	Agreement with Charles F. Harkins, as amended. (15)*
10.15	Agreement with Stephen P. Mandracchia, as amended. (15)*
10.16	Amended and Restated Loan Agreement between Hudson Technologies Company and Keltic Financial Partners, L.P., dated June 26, 2007. (28)
10.17	Mortgage and Security Agreement between Hudson Technologies Company and Keltic Financial Partners, L.P., dated June 26, 2007. (12)
10.18	Amended and Restated Revolving Note, dated June 26, 2007. (12)
10.19	Amended and Restated Term Note A, dated June 26, 2007 in the amount of \$2,500,000 (12)
10.20	Term Note B, dated June 26, 2007, in the amount of \$4,500,000. (12)
10.21	Second Amendment to Amended and Restated Loan Agreement between Hudson Technologies Company, Keltic Financial Partners, L.P and Bridge Healthcare Finance, LLC, dated April 17, 2008. (13)
10.22	Second Amended, Restated and Bifurcated Revolving Note, dated April 17, 2008, in the amount of \$10,000,000. (13).
10.23	Second Amended, Restated and Bifurcated Revolving Note, dated April 17, 2008, in the amount of \$5,000,000. (13)
10.24	Second Amended, Restated and Bifurcated Term Note A, dated April 17, 2008 in the amount of \$1,666,667. (13)
10.25	Second Amended, Restated and Bifurcated Term Note A, dated April 17, 2008 in the amount of \$833,333. (13)
10.26	Amended, Restated and Bifurcated Term Note B, dated April 17, 2008, in the amount of \$3,000,000. (13)
10.27	Amended, Restated and Bifurcated Term Note B, dated April 17, 2008, in the amount of \$1,500,000. (13)
10.28	Warrant to Purchase Common Stock, dated April 17, 2008, for 66,667 shares of Common Stock issued to Keltic Financial Partners, L.P. (13)
10.29	Warrant to Purchase Common Stock, dated April 17, 2008, for 33,333 shares of Common Stock issued to Bridge Healthcare Finance, LLC. (13)
10.30	2008 Stock Incentive Plan. (14)
10.31	Form of Incentive Stock Option Agreement under the 2008 Stock Incentive Plan with full vesting upon

	issuance. (15)
10.32	Form of Incentive Stock Option Agreement under the 2008 Stock Incentive Plan with options vesting in equal installments over two year period. (15)
10.33	Form of Non-Incentive Stock Option Agreement under the 2008 Stock Incentive Plan with full vesting upon issuance. (15)
10.34	Form of Non-Incentive Stock Option Agreement under the 2008 Stock Incentive Plan with options vesting in equal installments over two year period. (15)
10.35	Third Amendment to Amended and Restarted Loan Agreement among Hudson Technologies Company, Keltic Financial Partners, L.P. and Bridge Healthcare Finance, LLC, dated March 20, 2009. (16)
10.36	Note Purchase Agreement between Hudson Technologies Company and Richard Parrillo, dated March 19, 2009 and executed March 20, 2009. (16)
10.37	10% Secured Subordinated Promissory Note of the Company in the amount of \$1,000,000, dated March 26, 2009 issued in favor of Richard Parrillo. (16)
10.38	General Security Agreement between Hudson Technologies Company and Richard Parrillo, dated March 19, 2009 and executed March 20, 2009. (16)
10.39	Subordination and Intercreditor Agreement among Richard Parrillo, Keltic Financial Partners, L.P., Bridge Healthcare Finance, LLC and Hudson Technologies Company, dated March 26, 2009. (16)
10.40	Note Purchase Agreement between Hudson Technologies Company and Catherine Zugibe, dated March 26, 2009. (16)
10.41	10% Secured Subordinated Promissory Note of the Company in the amount of \$1,000,000, dated March 26, 2009 issued in favor of Catherine Zugibe. (16)
10.42	General Security Agreement between Hudson Technologies Company and Catherine Zugibe, dated March 26, 2009. (16)
10.43	Subordination and Intercreditor Agreement between Catherine Zugibe, Keltic Financial Partners, L.P., Bridge Healthcare Finance, LLC and Hudson Technologies Company, dated March 26, 2009. (16)
10.44	Fourth Amendment to Amended and Restated Loan Agreement among Hudson Technologies Company, Keltic Financial Partners, L.P. and Bridge Healthcare Finance, LLC, dated July 15, 2009. (17)
10.45	Waiver to Loan Agreement among Hudson Technologies Company, Keltic Financial Partners, L.P. and Bridge Healthcare Finance, LLC, dated July 15, 2009. (17)
10.46	First Amendment to Note of the Company in the amount of \$1,000,000 dated September 30, 2009 issued in favor of Richard Parrillo. (18)
10.47	Placement Agent Agreement between Roth Capital Partners, LLC and Hudson Technologies, Inc., dated July 31, 2009. (19)
10.48	Warrant, dated August 5, 2009, for 73,500 shares of Common Stock issued to Roth Capital Partners, LLC. (21)
10.49	Form of Subscription Agreement. (19)
10.50	Fifth Amendment to Amended and Restated Loan Agreement between Hudson Technologies Company, Keltic Financial Partners II, LP and Bridge Healthcare Finance LLC, dated August 12, 2009. (20)
10.51	First Amendment to Amended and Restated Employment Agreement with Kevin J. Zugibe, dated December 30, 2008. (22)
10.52	First Amendment to Amended and Restated Loan Agreement with Keltic Financial Partners, L.P., dated July 25, 2007. (28)
10.53	Waiver and Sixth Amendment to Amended and Restated Loan Agreement between Hudson Technologies, Inc. and Keltic Financial II, LP, dated April 28, 2010. (23)
10.54	Second Amendment to Note of the Company in the amount of \$1,000,000 dated June 30, 2010 issued in favor of Richard Parrillo. (24)
10.55	Placement Agency Agreement between Canaccord Genuity, Inc., and Hudson Technologies, Inc., dated July 1, 2010. (25)
10.56	Form of Warrant issued in July 2010 Offering (26)
10.57	Form of Subscription Agreement relating to July 2010 Offering (27)
10.58	Warrant Repurchase Agreement dated March 4, 2011 between the Company and Sonar Partners Fund, L.P. (28)
10.59	Warrant Repurchase Agreement dated March 4, 2011 between the Company and Sonar Overseas Fund, Ltd. (28)
10.60	Form of Agreement and Consent, to amend warrants issued in connection with the July 2010 offering, dated March 7, 2011. (28)
14	Code of Business Conduct and Ethics. (9)
21	Subsidiaries of the Registrant. (28)
23.1	Consent of BDO USA, LLP. (28)
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. (28)
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. (28)
32.1	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of Sarbanes-Oxley Act of 2002. (28)
32.2	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of Sarbanes-Oxley Act of 2002. (28)

- (1) Incorporated by reference to the comparable exhibit filed with the Company's Registration Statement on Form SB-2 (No. 33-80279-NY).
- (2) Incorporated by reference to the comparable exhibit filed with the Company's Quarterly Report on Form 10-QSB for the quarter ended June 30, 1999.
- (3) Incorporated by reference to the comparable exhibit filed with the Company's Annual Report on Form 10-KSB for the year ended December 31, 1999.
- (4) Incorporated by reference to the comparable exhibit filed with the Company's Annual Report on Form 10-KSB for the year ended December 31, 2000.
- (5) Incorporated by reference to the comparable exhibit filed with the Company's Annual Report on Form 10-KSB for the year ended December 31, 2001.
- (6) Incorporated by reference to the comparable exhibit filed with the Company's Annual Report on Form 10-KSB for the year ended December 31, 2002.
- (7) Incorporated by reference to the comparable exhibit filed with the Company's Annual Report on Form 10-KSB for the year ended December 31, 2004.
- (8) Incorporated by reference to the comparable exhibit filed with the Company's Quarterly Report on Form 10-QSB for the quarter ended June 30, 2005.
- (9) Incorporated by reference to the comparable exhibit filed with the Company's Current Report on Form 8-K, for the event dated March 3, 2005, and filed May 31, 2005.
- (10) Incorporated by reference to Appendix B to the Company's Definitive Proxy Statement on Schedule 14A filed August 14, 2004.
- (11) Incorporated by reference to the comparable exhibit filed with the Company's Quarterly Report on Form 10-QSB for the quarter ended September 30, 2007.
- (12) Incorporated by reference to the comparable exhibit filed with the Company's Schedule TO filed June 29, 2007.
- (13) Incorporated by reference to comparable exhibit filed with the Company's Current Report on Form 8-K for the event dated April 17, 2008, filed April 22, 2008.
- (14) Incorporated by reference to Appendix I to the Company's Definitive Proxy Statement on Schedule 14A filed July 29, 2008.
- (15) Incorporated by reference to the comparable exhibit filed with the Company's Annual Report on Form 10-K for the year ended December 31, 2008.
- (16) Incorporated by reference to the comparable exhibit filed with the Company's Quarterly Report on Form 10-Q for the quarter ended March 30, 2009.
- (17) Incorporated by reference to the comparable exhibit filed with the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2009.
- (18) Incorporated by reference to the comparable exhibit filed with the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2009.
- (19) Incorporated by reference to the comparable exhibit filed with the Company's Current Report on Form 8-K, for the event dated July 31, 2009, filed August 3, 2009.
- (20) Incorporated by reference to the comparable exhibit filed with the Company's Current Report on Form 8-K, for the event dated August 12, 2009, filed August 18, 2009.
- (21) Filed as an exhibit to the Original Filing
- (22) Incorporated by reference to Exhibit 10.14 filed with the Company's Annual Report on Form 10-K for the year ended December 31, 2008.
- (23) Incorporated by reference to the comparable exhibit filed with the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2010.
- (24) Incorporated by reference to the comparable exhibit filed with the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2010.
- (25) Incorporated by reference to Exhibit 1.1 filed with the Company's Current Report on Form 8-K for the event dated July 1, 2010 and filed July 2, 2010.
- (26) Incorporated by reference to Exhibit 4.1 filed with the Company's Current Report on Form 8-K for the event dated July 1, 2010 and filed July 2, 2010.
- (27) Incorporated by reference to Exhibit 10.1 filed with the Company's Current Report on Form 8-K for the event dated July 1, 2010 and filed July 2, 2010.
- (28) Filed herewith.
- (*) Denotes Management Compensation Plan, agreement or arrangement.



AMENDED AND RESTATED LOAN AGREEMENT

between

HUDSON TECHNOLOGIES COMPANY

and

KELTIC FINANCIAL PARTNERS, LP



Dated: June 26, 2007

AMENDED AND RESTATED LOAN AGREEMENT

This Amended and Restated Loan Agreement is made this 26th day of June, 2007, between **HUDSON TECHNOLOGIES COMPANY** ("Borrower"), a corporation organized and existing pursuant to the laws of the State of Tennessee having an address at 275 North Middletown Road, Pearl River, New York 10965, and **KELTIC FINANCIAL PARTNERS, LP** ("Lender"), a Delaware limited partnership, with a place of business at 580 White Plains Road, Suite 610, Tarrytown New York 10591.

WITNESSETH:

WHEREAS, Borrower and Lender are parties to a Revolving Loan and Security Agreement dated May 30, 2003 (as amended, restated, modified or supplemented from time to time the "Existing Loan Agreement"), pursuant to which Lender has extended loans and other financial accommodations to Borrower.

WHEREAS, Borrower has requested that the Existing Loan Agreement be amended and restated in its entirety to become effective and binding on the Borrower pursuant to the terms of this Agreement, and Lender has agreed to amend and restate the Existing Loan Agreement in its entirety to read as set forth herein, and it has been agreed by the parties to the Existing Loan Agreement that (a) the commitments which the Lender has agreed to extend to the Borrower under the Existing Loan Agreement shall be extended or advanced upon the amended and restated terms and conditions contained in this Agreement, and (b) the existing loans and other obligations outstanding under the Existing Loan Agreement shall be governed by and deemed to be outstanding under the amended and restated terms and conditions contained in this Agreement.

WHEREAS, Lender is willing to extend the credit facilities on the terms and subject to the conditions set forth in this Agreement.

AGREEMENT

1. DEFINITIONS. As used herein, the following terms shall have the following meanings (terms defined in the singular shall have the same meaning when used in the plural and vice versa):

- 1.1. "**Account Debtor**" shall mean any Person who is or may become obligated under or on account of any Receivable.
- 1.2. "**Advance**" shall mean any loan or advance made by Lender in connection with the Revolving Loan.
- 1.3. "**Affiliate**" shall mean any Person: (i) which directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, Borrower including, without limitation, Hudson Holdings, Inc. and Hudson Technologies, Inc.; (ii) which beneficially owns or holds 5% or more of any class of the voting stock or other equity interest in Borrower; or (iii) 5% or more of the voting stock or other equity interest of which is beneficially owned or held by Borrower. For purposes hereof, "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting stock or other equity interests, by contract or otherwise.
- 1.4. "**Agreement**" shall mean this Amended and Restated Loan Agreement, together with all Schedules and Exhibits attached or otherwise identified thereto, as the same may be amended, modified, restated or supplemented from time to time.
- 1.5. "**Authenticate**" shall mean to sign or to execute or otherwise adopt a symbol, or encrypt or similarly process a record in whole or in part, with the present interest of the authenticating person to identify the person and adopt or accept a Record.
- 1.6. "**Bank Accounts**" shall have the meaning set forth in Section 5.23 of this Agreement.
- 1.7. "**Banking Day**" shall mean any day on which commercial banks are not authorized or required to close in New York State.
- 1.8. "**Borrower**" shall mean Hudson Technologies Company.
- 1.9. "**Borrowing Capacity**" shall have the meaning set forth in **Section 2.1** of this Agreement.
- 1.10. "**Borrowing Base Certificate**" shall mean a borrowing base certificate substantially in the form of **Exhibit D** attached hereto.
- 1.11. "**Capital Expenditure**" shall mean, as determined in accordance with GAAP, the dollar amount of gross expenditures (including obligations under capital leases) made or incurred for fixed assets, real property, plant and equipment, and all renewals, improvements and replacements thereto (but not repairs thereof) during any period.
- 1.12. "**Code**" shall mean the Internal Revenue Code of the United States.
- 1.13. "**Collateral**" shall mean all of the Property and interests in Property described in the General Security Agreements and the Mortgage, and all other real and personal property of Borrower and guarantors and interests of Borrower and guarantors in personal property that now or hereafter secures the payment and performance of any of the Obligations pursuant to any of the Loan Documents or otherwise including, without limitation, any proceeds and insurance proceeds of the foregoing.
- 1.14. "**Contract Year**" shall mean, during the term of the Loans, each consecutive twelve (12) month period commencing on the date hereof and, in each case, ending on the date, which is one day prior to the applicable anniversary date hereof.
- 1.15. "**Default**" shall mean an event or condition the occurrence of which would, with the lapse of time or the giving of notice, or both, become an Event of Default, whether or not Lender has declared an Event of Default to have occurred.
- 1.16. "**EBITDA**" shall mean Borrower's total income before interest expense, taxes, depreciation and amortization, all calculated in accordance with GAAP.
- 1.17. "**Eligible Inventory**" shall mean Inventory which has been identified and described to Lender's

satisfaction, is represented by Borrower (by its acceptance of Revolving Loans thereon) as meeting all of the following criteria on the date of any Revolving Loan based thereon and thereafter while any Obligation is outstanding, and is in all other respects acceptable to Lender:

- (a) Borrower is the sole owner of the Inventory; none of the Inventory is being held or shipped by Borrower on a consignment or approval basis; Borrower has not sold, assigned or otherwise transferred all or any portion thereof; and none of the Inventory is subject to any claim, lien or security interest;
- (b) If any of the Inventory is represented or covered by any document of title, instrument or chattel paper, Borrower is the sole owner of all such documents, instruments and chattel paper, all thereof are in the possession of Borrower, none thereof has been sold, assigned or otherwise transferred, and none thereof is subject to any claim, lien or security interest;
- (c) The Inventory consists of refrigerants which have been processed in accordance with all Governmental Rules, or finished goods consisting of saleable cylinders to hold refrigerants acquired by Borrower in the ordinary course of its business, as conducted on the date hereof, subject to its contract or sole possession and, located in compliance with **Section 5.15** of this Agreement or at locations approved by Lender in writing for which landlord or bailee waivers in form and substance acceptable to Lender have been executed and delivered by such landlord or bailee to Lender.

1.18. "**Eligible Receivables**" shall mean and include only Receivables of Borrower, the records and accounts of which are located in compliance with **Section 5.14** of this Agreement, are acceptable to Lender in Lender's sole and absolute discretion, arise out of sales in the ordinary course of Borrower's business as currently conducted, made by Borrower to a Person which is not an Affiliate of Borrower nor an employee of Borrower nor controlled by an Affiliate of Borrower, which are not in dispute and which do not then violate any warranty with respect to Eligible Receivables set forth in the General Security Agreement, and the Inventory which is the subject matter of such Receivable, must have been shipped to the customer on or prior to the invoice date, or the services described in any such invoice must have been provided on or prior to the invoice date. No Receivable shall be an Eligible Receivable if more than ninety (90) days have passed since the original invoice date. Lender may treat any Receivable as ineligible if:

- (a) any warranty contained in this Agreement or in the General Security Agreement with respect to Eligible Receivables or any warranty with respect to such Receivable contained in this Agreement or in the General Security Agreement has been breached; or
- (b) the Account Debtor or any Affiliate of the Account Debtor has disputed liability, or made any claim with respect to such Receivable or with respect to any other Receivable due from such customer or Account Debtor to Borrower, with respect to any Receivable which Lender, in its sole and absolute discretion, deems material; or
- (c) the Account Debtor or any Affiliate of the Account Debtor has filed a case for bankruptcy or reorganization under the Bankruptcy Code, or if any case under the Bankruptcy Code has been filed against the Account Debtor or any Affiliate of the Account Debtor, or if the Account Debtor or any Affiliate of the Account Debtor has made an assignment for the benefit of creditors, or if the Account Debtor or any Affiliate of the Account Debtor has failed, suspended business operations, become insolvent, or had or suffered a receiver or a trustee to be appointed for all or a significant portion of its assets or affairs; or
- (d) if the Account Debtor is also a supplier to or creditor of Borrower or if the Account Debtor has or asserts any right of offset with respect to any Receivable or asserts any claim or counterclaim against Borrower with respect to any Receivable or otherwise (so long as the Account Debtor does not assert any right of set off or counterclaim, Lender, subject to all the other provisions of this Agreement, will only consider the Receivable ineligible in an amount equal to the amount owed such Account Debtor by Borrower); or
- (e) the sale is to an Account Debtor outside the United States, unless the sale is secured by a letter of credit or acceptance acceptable to Lender in its sole discretion, or is insured by a

credit risk insurance policy acceptable to Lender in its sole discretion or on other terms acceptable to Lender in its sole discretion; or

(f) fifty percent (50%) or more of the Receivables of any Account Debtor and its Affiliates are ineligible, then all the Receivables of such Account Debtor and its Affiliates may be deemed ineligible by Lender under this Agreement; or

(g) the total unpaid Receivables of the Account Debtor and its Affiliates exceed twenty percent (20%) of the net amount of all Receivables, to the extent of such excess, except that with respect to (i) NRP/COOLGAS, INC. and USA/ B & B, in which such percentage shall be twenty-five percent (25%), and (ii) Home Depot, in which such percentage shall be fifty percent (50%), provided in all cases the credit worthiness of any such Account Debtor is acceptable to Lender in its sole discretion and credit insurance coverage is in existence covering such Account Debtor's Receivables acceptable to Lender in its sole and absolute discretion; or

(h) it relates to a sale of goods or services to the United States of America, or any agency or department thereof, unless Borrower assigns its right to payment of such Receivable to Lender, in form and substance satisfactory to Lender, so as to comply with the Assignment of Claims Act of 1940, as amended (the "1940 Act"); provided, however, that Lender may make Advances up to an aggregate maximum amount of \$25,000 against Receivables covered by this clause (h), and which satisfy all other requirements of Eligible Receivables, without complying with the 1940 Act; or

(i) it relates to a sale of goods or services to a state or local governmental authority or an agency or department thereof in excess of \$50,000.00 in the aggregate; or

(j) it relates to intercompany sales, employee sales or any Receivable due from an Affiliate of Borrower; or

(k) it consists of a sale to an Account Debtor on consignment, bill and hold, guaranteed sale, sale or return, sale on approval, payment plan, scheduled installment plan, extended payment terms or any other repurchase or return basis; or

(l) the Account Debtor is located in a state in which Borrower is deemed to be doing business under the laws of such state and which denies creditors access to its courts in the absence of qualifications to transact business in such state or of the filing of any reports with such state, unless Borrower has qualified as a foreign corporation authorized to do business in such state or has filed all required reports; or

(m) the Receivable is evidenced by chattel paper or an instrument of any kind, or has been reduced to judgment; or

(n) the Receivable arises from a sale of goods or services to an individual who is purchasing such goods primarily for personal, family or household purposes;

(o) if Lender believes, in its sole and absolute judgment, that collection of such Receivable is insecure or that such Receivable may not be paid by reason of the Account Debtor's financial inability to pay.

1.19. "**Environment**" shall mean any water or water vapor, any land surface or subsurface, air, fish, wildlife, biota and all other natural resources.

1.20. "**Environmental Laws**" shall mean all federal, state and local environmental, land use, zoning, health, chemical use, safety and sanitation laws, statutes, ordinances and codes relating to the protection of the Environment and/or governing the use, storage, treatment, generation, transportation, processing, handling, production or disposal of "hazardous substances" and the rules, regulations, policies, guidelines, interpretations, decisions, orders and directives of federal, state and local governmental agencies and authorities with respect thereto.

1.21. "**ERISA**" shall mean the Employee Retirement Income Security Act of 1974, as amended.

- 1.22. "**Events of Default**" shall have the meaning set forth in **Article 12** of this Agreement.
- 1.23. "**Fiscal Year**" shall mean with respect to any Person, a year of 365 or 366 days, as the case may be, ending on the last day of December in any calendar year.
- 1.24. "**GAAP**" shall mean generally accepted accounting principles consistently applied and maintained throughout the period indicated and consistent with the prior financial practice of Borrower, except for changes mandated by the Financial Accounting Standards Board or any similar accounting authority of comparable standing. Whenever any accounting term is used herein which is not otherwise defined, it shall be interpreted in accordance with GAAP.
- 1.25. "**General Security Agreements**" shall mean the collective reference to the general security agreements dated May 30, 2003 executed and delivered by each of Borrower and the guarantors in favor of Lender, as the same may be amended, modified, restated or supplemented from time to time.
- 1.26. "**Governmental Rules**" shall have the meaning given to such term in **Section 5.24** of this Agreement.
- 1.27. "**Indebtedness**" shall mean and include all obligations for borrowed money of any kind or nature, including funded debt and unfunded liabilities, contingent obligations under guaranties or letters of credit, and all obligations for the acquisition or use of any fixed asset, including capitalized leases, or improvements which are payable over a period longer than one year, regardless of the term thereof or the Person or Persons to whom the same is payable and the Obligations.
- 1.28. "**Inventory**" shall have the meaning given to such term in the General Security Agreement.
- 1.29. "**Loan Documents**" shall mean this Agreement, the Revolving Note, the Term Notes, the General Security Agreements, the Mortgage and all other documents and instruments to be delivered by Borrower or any other Person under this Agreement or in connection with the Loans or any other Indebtedness or Obligations of Borrower to Lender, as the same may be amended, modified or supplemented from time to time.
- 1.30. "**Loan Interest Rate**" shall mean, at the option of Lender, the greater of: (a) the prime rate published in the "Money Rates" column of The Wall Street Journal from time to time or, in the event that The Wall Street Journal is not available at any time, such rate published in another publication as determined by Lender plus thirty seven and one-half (37.5) basis points per annum, or (b) six and one-half percent (6-1/2%) per annum.
- 1.31. "**Loans**" shall mean the loans and advances made by Lender hereunder, including the Revolving Loan and the Term Loans.
- 1.32. "**Lockbox**" shall mean the account established by Borrower pursuant to the lockbox agreement among Borrower, Lender and a financial institution with which Borrower maintains a depository account into which the proceeds of all Collateral are to be deposited.
- 1.33. "**Material Adverse Effect**" shall mean any material adverse effect, as determined in Lender's sole and absolute discretion, on (a) the business, assets, operations, prospects or condition, financial or otherwise, of Borrower or any guarantor; (b) Borrower's or any guarantor's ability to pay or perform the Obligations in accordance with their terms; (c) the value, collectability or salability of the Collateral or the perfection or priority of Lender's liens; (d) the validity or enforceability of this Agreement or any of the Loan Documents; or (e) the practical realization of the benefits, rights and remedies inuring to Lender under this Agreement or under the other Loan Documents.
- 1.34 "**Maturity Date**" shall mean June 26, 2010.
- 1.35. "**Maximum Facility**" shall mean \$10,000,000.
- 1.36. "**Maximum Revolving Loan Amount**" shall mean the Maximum Facility, plus the Supplemental Amount (upon compliance with Section 2.11 hereof), less the outstanding principal balance of the Term Loans.

1.37. "**Mortgage**" shall mean the Mortgage and Security Agreement dated as of the date hereof given by Borrower in favor of Lender, as the same may be amended, modified, restated or supplemented from time to time.

1.38. "**Notice of Borrowing**" shall mean a borrowing request in a Record substantially in the form of **Exhibit C** attached hereto.

1.39. "**Obligations**" shall mean and include all loans (including the Loans), advances, debts, liabilities, obligations, covenants and duties owing by Borrower to Lender or any Affiliate of Lender of any kind or nature, present or future, whether or not evidenced by any note, guaranty or other instrument, whether arising under this Agreement, the other Loan Documents or under any other agreement or by operation of law, whether or not for the payment of money, whether arising by reason of an extension of credit, opening, guaranteeing or confirming of a letter of credit, loan, guaranty, indemnification or in any other manner, whether direct or indirect (including those acquired by purchase or assignment), absolute or contingent, due or to become due, now due or hereafter arising and howsoever acquired including, without limitation, all interest, charges, expenses, commitment, facility, collateral management or other fees, attorneys' fees and expenses, consulting fees and expenses and any other sum chargeable to Borrower under this Agreement, the other Loan Documents or any other agreement with Lender.

1.40. "**Person**" shall mean an individual, partnership, limited liability company, limited liability partnership, corporation, joint venture, joint stock company, land trust, business trust or unincorporated organization, or a government or agency or political subdivision thereof.

1.41. "**Plan**" shall mean an employee benefit plan or other plan now or hereafter maintained for employees of Borrower or any subsidiary of Borrower and covered by Title IV of ERISA.

1.42. "**Property**" shall have the meaning set forth in the General Security Agreement.

1.43. "**Receivables**" shall have the meaning set forth in the General Security Agreement.

1.44. "**Reconciliation Report**" shall mean a report in form satisfactory to Lender, reconciling Borrower's month-end Receivable agings, payable agings and Inventory listings to Borrower's monthly financial statements, and including bank reconciliations.

1.45. "**Record**" shall mean information that is inscribed on a tangible medium or which is stored in an electronic or other medium and is retrievable in perceivable form. If Lender so specifies with respect to a particular type of Record, that type of Record shall be signed or otherwise authenticated by Borrower.

1.46. "**Reportable Event**" shall have the meaning assigned to that term in Title IV of ERISA.

1.47. "**Revolving Loan**" shall mean the Advances to be made by Lender to Borrower pursuant to **Section 2.1** of this Agreement, and all interest thereon and all fees, costs and expenses payable by Borrower in connection therewith.

1.48. "**Revolving Note**" shall mean, the promissory note substantially in the form annexed hereto as **Exhibit A**, to be given by Borrower to Lender to evidence the Revolving Loan.

1.49. "**Solvent**" shall mean when used with respect to any Person, such Person (i) owns property the fair value of which is greater than the amount required to pay all of such Person's Indebtedness (including contingent debts), (ii) owns property the present fair salable value of which is greater than the amount that will be required to pay the probable liabilities of such Person on its then existing Indebtedness as such become absolute and matured, (iii) is able to pay all of its Indebtedness as such Indebtedness matures, and (iv) has capital sufficient to carry on its then existing business.

1.50. "**Supplemental Amount**" shall have the meaning set forth in Section 2.11 of this Agreement.

1.51. "**Tangible Net Worth**" shall mean the net worth of Borrower less the value of intangible assets and other assets whose value, in the sole opinion of Lender, are less than the stated value carried on the balance sheet of Borrower.

1.52. "**Termination Date**" shall mean the earliest of the date which is (a) the Maturity Date, (b) the date on

which Lender terminates this Agreement pursuant to **Section 12.1** of this Agreement, or (c) the date on which Borrower terminates this Agreement pursuant to **Section 3.7** of this Agreement.

1.53. "**Termination Notice**" shall have the meaning set forth in **Section 3.7** of this Agreement.

1.54. "**Term Loan A**" shall have the meaning set forth in **Section 2.9** hereof.

1.55. "**Term Loan B**" shall have the meaning set forth in **Section 2.10** hereof.

1.56. "**Term Loans**" shall mean Term Loan A and Term Loan B.

1.57. "**Term Note A**" shall mean the amended and restated promissory note substantially in the form annexed hereto as **Exhibit B-1**, to be given by Borrower to Lender to evidence Term Loan A.

1.58. "**Term Note B**" shall mean the promissory note substantially in the form annexed hereto as **Exhibit B-2**, to be given by Borrower to Lender to evidence Term Loan B.

1.59. "**Term Notes**" shall mean Term Note A and Term Note B.

1.60. "**UCC**" means the Uniform Commercial Code as in effect from time to time.

2. THE LOANS.

2.1. **Advances.** Subject to the terms and conditions of this Agreement and relying upon the representations and warranties set forth in this Agreement, for so long as no Default or Event of Default exists, Lender shall lend in its discretion to Borrower on its request, a sum ("Borrowing Capacity") equal to the lesser of:

(a) The Maximum Revolving Loan Amount, or

(b) the sum of (i) up to eighty-five percent (85%) of the net face amount of Borrower's Eligible Receivables plus (ii) up to fifty percent (50%) (such percentage, absent the existence of an Event of Default, shall be fifty-five percent (55%) during the period from November 1 through February 28 of each year) of the Value (as defined below) of Borrower's Eligible Inventory, less (iii) the outstanding principal balance of Term Loan B, less (iv) the outstanding principal balance of the Revolving Loan resulting from the implementation of the Supplemental Amount. Value shall mean the lesser of cost or the fair market value of such Inventory.

Within the limits of the Borrowing Capacity, and subject to the limitations set forth in this Agreement, Borrower may borrow, repay and reborrow Advances.

2.2. **Overline.** Borrower acknowledges that Lender has advised Borrower that Lender does not intend to permit Borrower to incur Obligations at any time in an outstanding principal amount exceeding either the Borrowing Capacity or the Maximum Revolving Loan Amount; however, it is agreed that should the Obligations of Borrower to Lender incurred under the Loans or otherwise exceed the Borrowing Capacity or the Maximum Revolving Loan Amount, then such excess Obligations shall (a) constitute Obligations under this Agreement, (b) be entitled to the benefit of all security and protection under this Agreement and the other Loan Documents, (c) be secured by the Collateral and (d) be payable immediately without notice or demand by Lender.

2.3. **Reserves.** (a) The Borrowing Capacity shall be subject to such reserves, as Lender shall deem necessary and proper in Lender's sole and absolute discretion. Reserves may be established by Lender from time to time in such manner (including reduction of the advance rates set forth in **Subsection 2.1(b)** above) and for such reasons as Lender may determine from time to time in Lender's sole and absolute discretion. Payments, deposits, guaranties or indemnifications made by Lender under any reimbursement agreement, guaranty or similar instrument made in respect of any such instrument may be treated by Lender as Advances to Borrower under this Agreement.

(b) Lender will implement a reserve (the "Closing Reserve") on the date hereof in the amount of \$1,307,550 (the "Closing Reserve Amount") in order to ensure that Borrower has sufficient availability to make payment to those shareholders who tender shares in Borrower's tender offer and/or, to the extent the shareholders do not tender their

shares in such tender offer, to make payment to Fleming US Discovery Fund III, L.P. and Fleming US Discovery Offshore Fund III, L.P. (collectively, "Fleming"), as set forth in that certain Stock Purchase Agreement dated the date hereof between Fleming and Borrower. Upon receipt of notice from Borrower in the form attached hereto as Exhibit F (the "Closing Reserve Notice"), Lender will remove the Closing Reserve and, provided that no Event of Default has occurred and is continuing, make an Advance in the Closing Reserve Amount. Lender will make such Advance to the party(ies), on the date and pursuant to the wire instructions set forth in the Closing Reserve Notice, provided that Lender receives a fully-signed Closing Reserve Notice at least one (1) Business Day prior to the date of the requested Advance.

2.4. **Manner of Borrowing.** Each Advance shall be requested in an Authenticated Record sent via facsimile or electronic transmission including, without limitation, via e-mail by a Notice of Borrowing executed by an authorized officer of Borrower, not later than 11:00 a.m. Eastern Time on any Banking Day on which an Advance is requested. Provided that Borrower shall have satisfied all conditions precedent set forth in this Agreement, including the reaffirmation of the representations and warranties and covenants provided in **Article 10** of this Agreement, and Borrower shall have sufficient Borrowing Capacity to permit an Advance under this Agreement in accordance with **Section 2.1** of this Agreement, Lender shall make the Advance to Borrower in the amount requested in the Record by Borrower in immediately available funds for credit to any account of Borrower (other than a payroll account) at a bank in the United States of America as Borrower may specify (provided, however, that Borrower shall pay Lender its usual and customary fees for such transfer). Lender shall not be responsible for any failure of any amount so transferred to be credited to any such account, unless such failure is due to Lender's gross negligence or willful misconduct.

2.5. **Evidence of Borrower's Obligations.** Borrower's obligation to pay the principal of, and interest on, the Advances made to Borrower shall be evidenced by the Revolving Note executed by Borrower and delivered to Lender. Borrower's obligation to pay the principal of, and interest on, the Term Loan shall be evidenced by the Term Note.

2.6. **Payments.** All payments with respect to the Obligations shall either be charged by Lender to Borrower's account pursuant to **Section 2.7** hereof, charged as an Advance or made by Borrower to Lender in U.S. currency and without any defense, offset or counterclaim of any kind, at 555 Theodore Fremd Avenue, Suite C-207, Rye, New York 10580, or to such other address as Lender shall specify, by 12:00 noon New York, New York time on the date when due. Whenever any payment to be made shall otherwise be due on a day that is not a Banking Day, such payment shall be made on the next succeeding Banking Day and such extension of time shall be included in computing interest in connection with any such payment. Lender may make an Advance to reimburse itself for any payments on the Obligations (including fees and expenses payable by Borrower), which are not paid when due, without notice or demand to Borrower. Any delay or failure by Lender in submitting any invoice for such interest or fee or in the making of an Advance against the Revolving Loan shall not discharge or relieve Borrower of its obligation to make such interest or fee payment. If Borrower prepays only a portion of a Term Loan, such prepayment shall be applied to the remaining installments of the applicable Term Loan in the inverse order of maturity.

2.7. **Collections/Balance/Statements/etc.**

(a) **Collection and Remittance.**

(i) Borrower covenants and agrees to enter into a depository account service agreement with Fleet Bank, N.A. to establish a depository account for the benefit of Borrower over which Lender shall have the sole power of withdrawal.

(ii) All proceeds of Collateral whether cash, checks, drafts, notes, acceptances or other forms of payment, if received by Borrower, shall be received by Borrower in trust for Lender, and Borrower agrees to deliver or cause to be delivered, such payments forthwith, in the identical form in which received, to Lender or into a depository account established for the benefit of Borrower, as Lender shall require from time to time.

(iii) Collected funds in the depository account for the benefit of Borrower shall be swept daily and the proceeds deposited to an account of Lender or as Lender shall

otherwise elect.

(b) Determination of balance of Revolving Loans. In determining the outstanding balance of the Revolving Loans, (i) available/collected funds received from the depository account for the benefit of Borrower in the Lender's account at Harris Bank, Account Name: Keltic Financial Partners, LP; Account No. 3117009, ABA #071000288 (or such other account as Lender may direct from time to time), before 2 p.m. Eastern Time of a Banking Day will be credited on that Banking Day, and thereafter on the following Banking Day, as follows: (A) First, to unpaid interest, (B) second to unpaid fees and expenses; (C) third to the outstanding principal balance of the Revolving Loan, and (D) fourth to all other Obligations in such order as Lender shall elect; (ii) any other form of funds received by Lender will be credited on the Banking Day when Lender has received notification that such funds are collected/available to Lender if before 2 p.m. (Eastern Time), and thereafter on the following Banking Day and will be applied in the manner set forth in clause (b)(i) above unless such funds are proceeds of the sale of equipment or real estate, in which event such funds will be applied first against Term Loan A until Term Loan A is paid in full, then against Term Loan B until Term Loan B is paid in full, then against the Revolving Loans in the manner set forth in clause (b)(i) above; (iii) all credits shall be conditional upon final payment to Lender in cash or solvent credits of the items giving rise to them and, if any item is not so paid, the amount of any credit given for it shall be charged to the balance of the Revolving Loan whether or not the item is returned; and (iv) for the purpose of computing interest on the Revolving Loan and other Obligations, interest shall continue to accrue on the amount of any payment credited to Borrower's Revolving Loan balance by Lender for a period of three (3) Banking Days after the date so credited.

2.8. Payment on Termination Date. Notwithstanding anything herein to the contrary, on the Termination Date Borrower shall pay to Lender in full, in cash: (a) the entire outstanding principal balance of the Loans, plus all accrued and unpaid interest thereon, and (b) all non-contingent Obligations due or incurred by Lender.

1. Term Loan A

(a) Lender agrees, subject to the terms and conditions of this Agreement, to make a single advance to Borrower on the date of the initial funding ("Term Loan A") in the amount of \$2,500,000. Borrower's obligation to repay Term Loan A shall be evidenced by Term Note A and shall be secured by the Collateral.

(b) The outstanding principal balance of Term Note A shall be due and payable in consecutive monthly installments in the amount of \$29,761.90 each, commencing on July 1, 2007. On the Termination Date, the entire aggregate unpaid principal balance of Term Note A, and all accrued and unpaid interest thereon, shall in any event be due and payable.

2.10. Term Loan B

(a) Lender agrees, subject to the terms and conditions of this Agreement, to make a single advance to Borrower on the date of the initial funding ("Term Loan B") in the amount of \$4,500,000. Borrower's obligation to repay Term Loan B shall be evidenced by Term Note B and shall be secured by the Collateral.

(b) The outstanding principal balance of Term Note B shall be due and payable in consecutive monthly installments in the amount of \$53,571.43 each, commencing on July 1, 2007. On the Termination Date, the entire aggregate unpaid principal balance of Term Note B, and all accrued and unpaid interest thereon, shall in any event be due and payable.

2.11 Supplemental Amount. Within five (5) business days of a request by Borrower in a Record, and upon payment by Borrower of the Supplemental Amount Fee (as defined below) and receipt by Lender of an original Allonge, in the form attached hereto as Exhibit H, signed by Borrower, Lender shall increase the Maximum Revolving Loan Amount by up to \$1,500,000 (the "Supplemental Amount") as directed by Borrower in such Record; provided that the Supplemental Amount shall be zero for at least five (5) consecutive Business Days at least once every one hundred and twenty (120) days.

2.12 Sources and Uses. The Loans on the date hereof shall be made pursuant to the sources and uses set forth in Exhibit G attached hereto.

3. LENDER'S COMPENSATION

3.1. **Interest on Loans.** Borrower shall pay interest monthly, in arrears, on the first day of each month, commencing July 1, 2007, (a) on the average daily, unpaid principal amount of the Revolving Loan, and (b) in the unpaid principal amount of the Term Loans, at a fluctuating rate which is equal to the Loan Interest Rate. Notwithstanding the foregoing, on and after the occurrence of a Default or Event of Default, Borrower shall pay interest on the Revolving Loan at a rate which is three and one-half percent (3.50%) per annum above the Loan Interest Rate; provided, however, in no event shall any interest to be paid under this Agreement or under any Loan Document that would exceed the maximum rate permitted by law.

3.2. **Intentionally Left Blank.**

3.3. **Commitment and Closing Fee.** Borrower has paid to Lender \$80,000 (net of the \$5,000 prepaid accommodation fee in December 18, 2006) as a commitment and closing fee which fee has been fully earned by Lender.

3.4. **Facility Fee.** Borrower shall pay to Lender monthly, in arrears, on the first day of each month a facility fee in an amount equal to one percent (1.0%) per annum of the Maximum Facility, which facility fee is deemed earned in full for each year on the date hereof and on each anniversary hereof.

3.5. **Collateral Management Fee.** Borrower shall pay to Lender monthly, in arrears, on the first day of each month, a collateral management fee in the amount of Two Thousand and 00/100 Dollars (\$2,000.00). Upon the occurrence of a Default or an Event of Default and during the continuance of such Default or Event of Default, the fee shall, in the sole discretion of Lender, be increased by \$1,000.00 per month.

3.6. **Field Examination Fees.** Borrower shall promptly reimburse Lender for all reasonable costs and expenses associated with periodic field examinations and fixed asset appraisals performed by Lender and its agents, as deemed necessary by Lender.

3.7. **Liquidated Damages.** If Borrower prepays the principal of the Revolving Loan to Borrower (other than from time to time from working capital) or if the outstanding Obligations become due prior to the Maturity Date for any reason or no reason, Borrower shall pay to Lender at the time of such prepayment, liquidated damages in an amount equal to: (a) two percent (2.0%) of the Maximum Facility if the prepayment is made prior to the first anniversary of the date hereof; (b) one percent (1.0%) of the Maximum Facility if the prepayment is made after the first anniversary of the date hereof but prior to the second anniversary of the date hereof; and (c) zero percent (0.0%) of the Maximum Facility if the prepayment is made after the second anniversary of the date hereof. Borrower shall give Lender at least ninety (90) days' advance written notice ("Termination Notice") of Borrower's election to terminate the availability of Revolving Loans under this Agreement prior to the Maturity Date, and a termination of the Revolving Loans shall automatically constitute a termination of the Term Loans. The Termination Notice shall be irrevocable and shall specify the effective date of such termination, which effective date shall not be less than ninety (90) days after the giving of the Termination Notice and shall in no event be later than the Termination Date. After the Termination Date, Lender shall have no obligation to make any Advance(s) to Borrower.

3.8. **Supplemental Amount Fee.** In each Contract Year in which Borrower uses the Supplemental Amount, Borrower shall immediately pay to Lender, on demand, an annual fee in the amount of \$5,000, fully earned and payable when the Supplemental Amount is first used. Borrower hereby irrevocably authorize Lender to make advances under the Revolving Loan to make payment of such fee when due.

3.9. **Computation of Interest and Fees.** All interest and fees under this Agreement shall be computed on the basis of a year consisting of three hundred sixty (360) days for the number of days actually elapsed.

4. APPLICATION OF PROCEEDS. The proceeds of the Term Loans and the Advances shall be used solely by Borrower to recapitalize its balance sheet, for working capital needed in the normal operation of Borrower's business and as provided in **Section 9.6** of this Agreement.

5. INDUCING REPRESENTATIONS. In order to induce Lender to make the Loans, Borrower makes the following representations and warranties to Lender:

5.1. **Organization and Qualifications.** Borrower is and always has been a corporation duly organized and validly existing under the laws of the State of Tennessee. Borrower's tax identification number is 62-1478695. Borrower is qualified to do business in every jurisdiction where the nature of its business requires it to be so qualified.

5.2. **Name and Address.** During the preceding five (5) years, Borrower has not been known by nor has used any other name whether corporate, fictitious or otherwise, except as set forth on **Schedule 5.2** attached hereto. Borrower's chief executive office is 275 North Middletown Road, Pearl River, New York 10965.

5.3. **Structure.** Borrower has no subsidiaries or Affiliates, except as set forth on **Schedule 5.3** attached hereto.

5.4. **Legally Enforceable Agreement.** The execution, delivery and performance of this Agreement, each and all of the other Loan Documents and each and all other instruments and documents to be delivered by Borrower or its Affiliates under this Agreement and the creation of all liens and security interests provided for herein are within Borrower's corporate power, have been duly authorized by all necessary or proper corporate action (including the consent of shareholders where required), are not in contravention of any agreement or indenture to which Borrower is a party or by which it is bound, or of the Certificate of Incorporation or By-Laws of Borrower, and are not in contravention of any provision of law and the same do not require the consent or approval of any governmental body, agency, authority or any other Person which has not been obtained and a copy thereof furnished to Lender.

5.5. **Solvent Financial Condition.** Borrower is Solvent.

5.6. **Financial Statements.** The audited financial statements of Borrower as of December 31, 2006, copies of which have been delivered to Lender, fairly present Borrower's financial condition and results of operations in accordance with GAAP, and as of such dates and there have been no changes since such dates. Borrower has no contingent liabilities, liabilities for taxes, unusual forward or long-term commitments, or unrealized or unanticipated losses from any unfavorable commitments, which were not disclosed in such financial statements or the notes thereto.

5.7. **Joint Ventures.** Borrower is not engaged in any joint venture or partnership with any other Person.

5.8. **Real Estate.** Attached hereto as **Schedule 5.8** is a list showing all real property owned or leased by Borrower, and if leased, the correct name and address of the landlord and the date and term of the applicable lease.

5.9. **Intellectual Property.** Borrower owns or possesses all the patents, trademarks, service marks, trade names, copyrights, licenses and other intellectual property necessary for the present and planned future conduct of its business without any conflict with the rights of others. All such patents, trademarks, service marks, trade names, copyrights, licenses and other similar rights are listed on **Schedule 5.9** attached hereto, if any.

5.10. **Existing Business Relationship.** There exists no actual or threatened termination, cancellation or limitation of, or any adverse modification or change in, the business relationship of Borrower with any supplier, customer or group of customers whose purchases individually or in the aggregate could effect the operations or the financial condition of Borrower.

5.11. **Investment Company Act: Federal Reserve Board Regulations.** Borrower is not an "investment company," or an "affiliated person" of, or "promoter" or "principal underwriter" for, an "investment company"; as such terms are defined in the Investment Company Act of 1940, as amended (15 U.S.C. SECTIONS 80(a)(1), et seq.). The making of the Loans under this Agreement by Lender, the application of the proceeds and repayment thereof by Borrower and the performance of the transactions contemplated by this Agreement will not violate any provision of such Act, or any rule, regulation or order issued by the Securities and Exchange Commission thereunder. Borrower does not own any margin security as that term is defined in Regulation U of the Board of Governors of the Federal Reserve System and the proceeds of the Loans made pursuant to this Agreement will be used only for the purposes contemplated under this Agreement. None of the proceeds will be used, directly or indirectly, for the purpose of purchasing or carrying any margin security or for the purpose of reducing or retiring any Indebtedness which was originally incurred to purchase or carry margin security or for any other purpose which might constitute any of the Loans under this Agreement a "purpose credit" within the meaning of said Regulation U or Regulations T or X of the Federal Reserve Board. Borrower will not take, or permit any agent acting on its behalf to take, any action which might cause this Agreement or any document or instrument delivered pursuant hereto to violate any regulation of the Federal Reserve Board.

5.12. **Tax Returns.** Borrower and the guarantor have filed all tax returns (Federal, state or local) required to be filed and paid all taxes shown thereon to be due including interest and penalties or has provided adequate reserves therefor. No assessments have been made against Borrower or any guarantor by any taxing authority nor has any penalty or deficiency been made by any such authority. To the best of Borrower's knowledge, no Federal income tax return of Borrower or any guarantor is presently being examined by the Internal Revenue Service nor are the results of any prior examination by the Internal Revenue Service or any state or local tax authority being contested by Borrower or any guarantor.

5.13. **Litigation.** Except as disclosed in **Schedule 5.13**, no action or proceeding is now pending or, to the knowledge of Borrower, threatened against Borrower or any guarantor, at law, in equity or otherwise, before any court, board, commission, agency or instrumentality of the Federal or state government or of any municipal government or any agency or subdivision thereof, or before any arbitrator or panel of arbitrators, and neither Borrower nor any guarantor has accepted liability for any such action or proceeding. There is no proceeding pending before any governmental agency (Federal, state or local) and, to the best of Borrower's knowledge, no investigation has been commenced before any such governmental agency the effect of which, if adversely decided, would or could, have a Material Adverse Effect.

5.14. **Receivables Locations.** Annexed hereto as **Schedule 5.14** is a list showing all places at which Borrower maintains, or will maintain, records relating to Receivables. Borrower will provide Lender thirty (30) days prior written notice by means of an Authenticated Record of any new location where Borrower maintains records relating to Receivables or closes any location where it maintained records related to Receivables. Prior to Borrower opening or closing any such location, Borrower shall obtain agreements with such bank or financial institution and Lender in form and content acceptable to Lender in its discretion.

5.15. **Inventory Locations.** Annexed hereto as **Schedule 5.15** is a list showing all places where Borrower maintains, or will maintain, Inventory. Such list indicates whether the premises are owned or leased by Borrower or whether the premises are the premises of a warehouseman or other third party, and if owned by a third party, the name and address of such third party. Borrower shall provide Lender thirty (30) days prior written notice by means of an Authenticated Record of any new location of where Borrower maintains Inventory or closes any location where it maintains Inventory. This notice shall indicate whether the premises are owned or leased by Borrower or whether such premises are the premises of a warehouseman or other third party, and if owned by a third party, the name and address of such third party. Prior to moving any Inventory to a new location, Borrower shall obtain a landlord's waiver in form and content acceptable to Lender in its discretion.

5.16. **Equipment List and Locations.** Annexed hereto as **Schedule 5.16** is a list showing all of Borrower's equipment, and describing the places where the same is located. Such list indicates whether such premises are owned or leased by Borrower or whether the premises are the premises of another third party, and if leased, the name and address of such third party. Borrower shall provide Lender thirty (30) days prior written notice by means of an Authenticated Record of any new location of where Borrower maintains Equipment or closes any location where it maintains Equipment. This notice shall indicate whether the premises are owned or leased by Borrower or whether such premises are the premises of a warehouseman or other third party, and if owned by a third party, the name and address of such third party. Prior to moving any Equipment to a new location, Borrower shall obtain a landlord's waiver in form and content acceptable to Lender in its discretion.

5.17. **Title/Liens.** Borrower has good and marketable title to the Collateral as sole owner thereof. There are no existing liens on any Property of Borrower, except for liens in favor of Lender and liens described in **Schedule 5.17**. Except as set forth on **Schedule 5.17**, none of the Collateral is subject to any prohibition against encumbering, pledging, hypothecating or assigning the same or requires notice or consent in connection therewith.

5.18. **Existing Indebtedness.** Borrower has no existing Indebtedness except the Indebtedness described in **Schedule 5.18**.

5.19. **ERISA Matters.** The present value of all accrued vested benefits under any Plan (calculated on the basis of the actuarial evaluation for the Plan) did not exceed as of the date of the most recent actuarial evaluation for such Plan the fair market value of the assets of such Plan allocable to such benefits. Borrower is not aware of any information since the date of such evaluation that would affect the

information contained therein. Such Plan has not incurred an accumulating funding deficiency, as that term is defined in Section 302 of ERISA or Section 412 of the Code (whether or not waived), no liability to the Pension Benefit Guaranty Corporation (other than required premiums which have become due and payable, all of which have been paid) has been incurred with respect to the Plan and there has not been any Reportable Event which presents a risk of termination of the Plan by the Pension Benefit Guaranty Corporation. Borrower has not engaged in any transaction which would subject Borrower to tax, penalty or liability for prohibited transactions imposed by ERISA or the Code.

5.20. **O.S.H.A.** Borrower has duly complied with, and its facilities, business, leaseholds, equipment and other property are in compliance in all respects with, the provisions of the Federal Occupational Safety and Health Act and all rules and regulations thereunder and all similar state and local Governmental Rules. There are no outstanding citations, notices or orders of non-compliance issued to Borrower or relating to its facilities, business, leaseholds, equipment or other property under any such Governmental Rules.

5.21. **Environmental Matters.** Except as disclosed in Schedule 5.21,

(a) No Property owned or used by Borrower is or has been used for the generation, manufacture, refining, transportation, treatment, storage, handling or disposal of any "hazardous substances" or "hazardous wastes." The following are all of the Standard Industrial Classification Codes applicable to the properties and operations of Borrower: 1711;

(b) Borrower is in compliance with all applicable Environmental Laws; (c) there has been no contamination or release of hazardous substances at, upon, under or within any Property owned or leased by Borrower, and there has been no contamination (as defined in any applicable Environmental Law) or release of hazardous substances (as defined in any applicable Environmental Law) on any other Property that has migrated or threatens to migrate to any Property owned or leased by Borrower; (d) to the best of Borrower's knowledge, there are not now and never have been above-ground or underground storage tanks at any Property owned or leased by Borrower; (e) there are no transformers, capacitors or other items of Equipment containing polychlorinated biphenyls at levels in excess of 49 parts per million, violative of any applicable Environmental Law, at any Property owned or leased by Borrower; (f) no hazardous substances are present at any Property owned or leased by Borrower, nor will any hazardous substances be present upon any such Property or in the operation thereof by Borrower; (g) all permits and authorizations required under Environmental Laws for all operations of Borrower have been duly issued and are in full force and effect including, but not limited to, those for air emissions, water discharges and treatment, storage tanks and the generation, treatment, storage and disposal of hazardous substances; (h) there are no past, pending or threatened environmental claims against Borrower or any Property owned or leased by Borrower; and there is no condition or occurrence on any Property owned or leased by Borrower that could be anticipated (1) to form the basis of an environmental claim against Borrower or its properties or (2) to cause any Property owned or leased by Borrower to be subject to any restrictions on its ownership, occupancy or transferability under any Environmental Law; (i) no portion of any Property owned or leased by Borrower contains asbestos-containing material that is or threatens to become friable; (j) the representations and warranties set forth in this **Section 5.21** shall survive repayment of the Obligations and the termination of this Agreement and the other Loan Documents.

5.22. **Labor Disputes.** There are no pending or, to Borrower's knowledge, threatened labor disputes which could have a Material Adverse Effect.

5.23. **Location of Bank and Securities Accounts.** Annexed hereto as **Schedule 5.23** is a complete and accurate list of all deposit, checking and other bank accounts, all securities and other accounts maintained with any broker dealer and all other similar accounts maintained by Borrower (collectively, "Bank Accounts"), together with a description thereof.

5.24. **Compliance With Laws.** Borrower is in compliance with all Federal, state and local governmental rules, ordinances and regulations ("Governmental Rules") applicable to its ownership or use of properties or the conduct of its business.

5.25. **No Other Violations.** Borrower is not in violation of any term of its Certificate of Incorporation or By-laws and no event or condition has occurred or is continuing which constitutes or results in (or would

constitute or result in, with the giving of notice, lapse of time or other condition) (a) a breach of, or a default under, any agreement, undertaking or instrument to which Borrower is a party or by which it or any of its Property may be affected, or (b) the imposition of any lien on any Property of Borrower.

5.26. **Full Disclosure.** No information contained in any Loan Document, the financial statements or any written statement furnished by or on behalf of Borrower under any Loan Document, or to induce Lender to execute the Loan Documents, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements contained herein or therein not misleading in light of the circumstances under which they were made.

5.27. **Survival of Representations and Warranties.** Borrower covenants, warrants and represents to Lender that all representations and warranties of Borrower contained in this Agreement or in any other Loan Documents shall be true at the time of Borrower's execution of this Agreement and the other Loan Documents, and Lender's right to bring an action for breach of any such representation or warranty or to exercise any remedy under this Agreement based upon the breach of any such representation or warranty shall survive the execution, delivery and acceptance hereof by Lender and the closing of the transactions described herein or related hereto until the Obligations are finally and irrevocably paid in full.

6. FINANCIAL STATEMENTS AND INFORMATION; CERTAIN NOTICES TO LENDER. So long as Borrower shall have any Obligations to Lender under this Agreement, Borrower shall deliver to Lender, or shall cause to be delivered to Lender:

6.1. **Borrowing Base Certificate.** Weekly (on or before Tuesday of each week as of the preceding week end), and monthly (within two (2) days after the end of each month) and contemporaneously with each request for an Advance, a satisfactorily completed and executed Borrowing Base Certificate.

6.2. **Monthly Reports.** Within fifteen (15) days after the end of each month, an accounts receivable aging, accounts payable aging, an inventory listing, a collateral update certificate, and a Reconciliation Report of Borrower for such month, all in form satisfactory to Lender, prepared by Borrower and if Lender so requests, customer statements, sales journals, cash receipts journals and detailed sales credit reports.

6.3. **Annual Financial Statements.** Within ninety (90) days after the close of each Fiscal Year of Borrower, a copy of audited annual financial statements of Borrower and its Affiliates prepared by an independent certified public accountant on a combined basis consisting of a balance sheet, statements of operations and retained earnings and accompanying footnotes, statements of cash flow, together with the unqualified opinion of such accounting firm, acceptable to Lender in its sole discretion.

6.4. **Monthly Financial Statements.** Within thirty (30) days after the end of each month of Borrower, financial statements consisting of a balance sheet, statements of operations and retained earnings and statements of cash flow, prepared by management of Borrower, or Hudson Technologies Company in accordance with GAAP, together with a compliance certificate in the form attached as **Exhibit E** hereto.

6.5. **Projections.** Within thirty (30) days prior to the end of each Fiscal Year of Borrower, monthly financial projections for the next fiscal year and annual projections for each succeeding Fiscal Year of Borrower in form satisfactory to Lender.

6.6. **Customer Lists.** Annually, a list of all of Borrower's customers and vendors, including the addresses, and telephone and facsimile numbers of such customers and vendors which lists shall be delivered within thirty (30) days of each Fiscal Year end.

6.7. **Insurance.** Annually, within thirty (30) days of the renewal date of such insurance policy, evidence of insurance in form and content satisfactory to Lender and otherwise in compliance with **Section 8.6** of this Agreement, together with the original insurance policy.

6.8. **Notice of Event of Default and Adverse Business Developments.** Immediately after becoming aware of the existence of a Default or an Event of Default or after becoming aware of any developments or other information which is likely to adversely affect Borrower's properties, business, prospects, profits or condition (financial or otherwise) or its ability to perform its obligation under this Agreement or any other Loan Documents including, without limitation, the following:

(a) any dispute that may arise between Borrower and any governmental regulatory body or law

enforcement authority, including any action relating to any tax liability of Borrower or guarantor;

(b) any labor controversy resulting in or threatening to result in a strike or work stoppage against Borrower;

(c) any proposal by any public authority to acquire the assets or business of Borrower;

(d) the location of any Collateral other than at Borrower's place of business or as permitted under this Agreement;

(e) any proposed or actual change of Borrower's name, identity, state of organization or corporate structure; or

(f) any other matter which has resulted or may result in a Material Adverse Effect.

In each case, Borrower will provide Lender with telephonic notice followed by notice in a Record specifying and describing the nature of such Default, Event of Default or development or information, and such anticipated effect.

6.9. Other Information. Such other information respecting the financial condition of Borrower or any guarantor, or any Property of Borrower in which Lender may have a lien as Lender may, from time to time, request. Borrower authorizes Lender to communicate directly with Borrower's independent certified public accountants and authorizes those accountants to disclose to Lender any and all financial statements and other information of any kind that they may have with respect to Borrower and its business and financial and other affairs. Lender shall treat information so obtained as confidential. On or before the date of this Agreement, Borrower shall deliver to Lender a letter addressed to such accountants instructing them to comply with the provisions of this **Section 6.9**, which letter shall be acknowledged by such accountants.

7. ACCOUNTING. Lender may account monthly to Borrower. Each and every account shall be deemed final, binding and conclusive upon Borrower in all respects, as to all matters reflected therein, unless Borrower, within fifteen (15) days after the date the account was rendered, delivers to Lender notice in a Record of any objections which Borrower may have to any such account and in that event only those items expressly objected to in such notice shall be deemed to be disputed by Borrower. If Borrower disputes the correctness of any statement, Borrower's notice shall specify in detail the particulars of its basis for contending that such statement is incorrect.

8. AFFIRMATIVE COVENANTS. Borrower represents and warrants that, so long as it shall have any Obligations to Lender under this Agreement, Borrower will:

8.1. **Business and Existence.** Preserve and maintain Borrower's separate existence and rights, privileges and franchises.

8.2. **Trade Names.** Transact business in Borrower's own name and invoice all of Borrower's Receivables in Borrower's own name.

8.3. **Intentionally Left Blank.**

8.4. **Taxes.** Pay and discharge all taxes, assessments, government charges and levies imposed upon Borrower, Borrower's income or Borrower's profits or upon any Property belonging to Borrower prior to the date on which penalties attach thereto, except where the same may be contested in good faith by appropriate proceedings being diligently conducted. Borrower will pay all taxes, assessments, governmental charges or private encumbrances levied, assessed, imposed or payable upon or with respect to the Inventory, the equipment or any other Collateral or any part thereof.

8.5. **Compliance with Laws.** Comply with all Governmental Rules applicable to Borrower including, without limitation, all laws and regulations regarding the collection, payment and deposit of employees' income, unemployment and Social Security taxes.

8.6. **Maintain Properties: Insurance.** Safeguard and protect all Property used in the conduct of Borrower's business and keep all of Borrower's Property insured with insurance companies licensed to do business in the states where the Property is located against loss or damage by fire or other risk under extended coverage endorsement and against theft, burglary, and pilferage together with such other hazards as Lender may from time to time request, in amounts satisfactory to Lender. Borrower shall deliver the

policy or policies of such insurance or certificates of insurance to Lender containing endorsements in form satisfactory to Lender naming Lender as lender, loss payee and additional insured and providing that the insurance shall not be canceled, amended or terminated except upon thirty (30) days' prior written notice to Lender. All insurance proceeds received by Lender shall be retained by Lender for application to the payment of such portion of the Obligations as Lender may determine in Lender's sole discretion. Borrower shall promptly notify Lender of any event or occurrence causing a loss or decline in the value of Property insured or the existence of an event justifying a claim under any insurance and the estimated amount thereof.

8.7. **Business Records.** Keep adequate records and books of account with respect to Borrower's business activities in which proper entries are made in accordance with sound bookkeeping practices reflecting all financial transactions of Borrower; and Borrower shall maintain all of its Bank Accounts as set forth on **Schedule 5.23** of this Agreement.

8.8. **Litigation.** Give Lender prompt notice of any suit at law or in equity against Borrower involving money or property valued in excess of Fifty Thousand and 00/100 Dollars (\$50,000.00) except where the same is fully covered by insurance and the insurer has accepted liability therefore in writing.

8.9. **Damage or Destruction of Collateral.** Maintain or cause to be maintained the Collateral and all its Properties in good condition and repair at all times, preserve the Collateral and all its other Properties from loss, damage, or destruction of any nature whatsoever and provide Lender with prompt notice in a Record of any destruction or substantial damage to any Collateral subject to Lender's security interest and of the occurrence of any condition or event which has caused, or may cause, loss or depreciation in the value of any Collateral.

8.10. **Name Change.** Provide Lender with not fewer than thirty (30) days notice in an Authenticated Record prior to any proposed change of name or the creation of any subsidiary.

8.11. **Access to Books and Records.** During normal business hours (unless an Event of Default has occurred in which event at any and all times), (a) provide Lender with such reports and with such access to Borrower's books and records and permit Lender to copy and inspect such reports and books and records all as Lender deems necessary or desirable to enable Lender to monitor the credit facilities extended hereby, and (b) permit Lender to examine and inspect the Inventory, equipment or other Collateral and may examine, inspect and copy all books and records with respect thereto. Borrower shall maintain full, accurate and complete records respecting Inventory, including a perpetual inventory, and all other Collateral at all times.

8.12. **Solvent.** Continue to be Solvent.

8.13. **Compliance With Environmental Laws.** Comply with all applicable Environmental Laws.

8.14. **Compliance with ERISA and other Employment Laws.** Comply with all applicable provisions of ERISA and the Internal Revenue Code of 1986, as amended, and any other applicable laws, rules or regulations relating to the compensation of employees and funding of employee pension plans.

8.15. **Proceeds of Collateral.** Forthwith upon receipt, pay to Lender the proceeds of all Collateral, whereupon such proceeds shall be applied to the Obligations in such order and manner as shall be determined in the sole and absolute discretion of Lender.

8.16. **Delivery of Documents.** Notify Lender if any proceeds of Receivables shall include, or any of the Receivables shall be evidenced by, notes, trade acceptances or instruments or documents, or if any Inventory is covered by documents of title or chattel paper, whether or not negotiable, and if required by Lender, immediately deliver them to Lender appropriately endorsed. Borrower waives protest regardless of the form of the endorsement. If Borrower fails to endorse any instrument or document, Lender is authorized to endorse it on Borrower's behalf.

9. NEGATIVE COVENANTS. So long as Borrower shall have any Obligation to Lender under this Agreement and unless Lender has first consented thereto in an Authenticated Record, Borrower shall not:

9.1. **Indebtedness.** Create, incur, assume or suffer to exist, voluntarily or involuntarily, any Indebtedness, except (i) Obligations to Lender, (ii) trade debt incurred in the ordinary course of Borrower's

business as currently conducted; (iii) purchase money financing and equipment leases not to exceed Fifty Thousand and 00/100 Dollars (\$50,000.00) in any Fiscal Year; and (iv) existing Indebtedness described on **Schedule 5.18**.

9.2. **Mergers; Consolidations; Acquisitions**. Enter into any merger, consolidation, reorganization or recapitalization with any other Person; take any steps in contemplation of dissolution or liquidation; conduct any part of its business through any corporate subsidiary, unincorporated association or other Person; acquire the stock or assets of any Person, whether by merger, consolidation, purchase of stock or otherwise; or acquire all or any substantial part of the properties of any Person.

9.3. **Sale or Disposition**. Sell or dispose of all or any Properties or grant any Person an option to acquire any such Property, provided, however, that the foregoing shall not prohibit (i) sales of Inventory in the ordinary course of Borrower's business, or (ii) provided that an Event of Default has not occurred and the proceeds thereof are remitted directly to the depository account referenced in Section 2.7(a) hereof to be applied in accordance with Section 2.7(b) hereof, sales or dispositions of obsolete or unnecessary equipment in an aggregate amount not to exceed \$25,000 per Fiscal Year.

9.4. **Defaults**. Permit any landlord, mortgagee, trustee under deed of trust or lienholder to declare a default under any lease, mortgage, deed of trust or lien on real estate owned or leased by Borrower, which default remains uncured after any stated cure period or for a period in excess of thirty (30) days from its occurrence, whichever is less, unless such default is being contested by Borrower in good faith by appropriate proceedings being diligently conducted and reserves satisfactory to Lender have been established and maintained.

9.5. **Limitations on Liens**. Suffer any lien, encumbrance, mortgage or security interest on any of its Property, except such liens as appear on **Schedule 5.17** attached hereto, if any.

9.6. **Dividends and Distributions**. Pay any cash dividends, make any capital distribution in cash or other Property or return of capital, or purchase or redeem any of its stock or other securities, or retire any of its stock, or take any action which would have an effect equivalent to any of the foregoing.

9.7. **Borrower's Name and Offices**. Transfer Borrower's chief executive office or change its organizational name or the office where it maintains its records (including computer printouts and programs) with respect to Receivables or any other Collateral.

9.8. **Fiscal Year**. Change its Fiscal Year.

9.9. **Change of Control**. Allow any current change in the ownership structure of Borrower such that Hudson Holdings, Inc. or Hudson Technologies, Inc. is not the sole shareholder of Borrower.

9.10. **Guaranties; Contingent Liabilities**. Assume, guarantee, endorse, contingently agree to purchase or otherwise become liable upon the obligation of any Person, except by the endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of its business as currently conducted.

9.11. **Removal of Collateral**. Remove, or cause or permit to be removed, any of the Collateral or other Property from the premises where such Collateral or Property is currently located and as set forth on **Schedule 5.14, 5.15 or 5.16** of this Agreement, except for sales of Inventory in the ordinary course of business as currently conducted and except as provided in **Sections 5.14, 5.15 or 5.16**.

9.12. **Transfer of Notes or Accounts**. Sell, assign, transfer, discount or otherwise dispose of any Receivables or any promissory note or other instrument payable to it with or without recourse.

9.13. **Settlements**. Compromise, settle or adjust any claim relating to any of the Collateral.

9.14. **Change of Business**. Cause or permit a change in the nature of its business as conducted on the date of this Agreement.

9.15. **Change of Accounting Practices**. Change its present accounting principles or practices in any respect, except, upon notice to Lender in a Record, as may be required by changes in GAAP.

9.16. **Inconsistent Agreement.** Enter into any agreement containing any provision which would be violated by the performance of Borrower's Obligations or other obligations under this Agreement or any other Loan Document.

9.17. **Loan or Advances.** Make any loans or advances to any Person. For purposes of this **Subsection 9.17**, monetary obligation owed to any Affiliate, subsidiary or guarantor including, without limitation, those in connection with its performance of services or the sale of goods, shall constitute loans or advances subject to the provisions of this **Subsection 9.17** but excluding salaries paid to employees.

9.18. **Investments.** Make any investment in any Person including, without limitation, any Affiliates or form any Affiliates or subsidiaries not existing on the date hereof.

9.19. **Tangible Net Worth.** Permit Borrower's Tangible Net Worth to be less than \$1,500,000 for each fiscal quarter, commencing with the fiscal quarter ending June 30, 2007.

9.20. **Capital Expenditures.** Make or agree to make Capital Expenditures in an amount in excess of \$650,000 during any Fiscal Year of Borrower.

9.21 **Transactions with Affiliates.** Engage in any transaction with any of Borrower's Affiliates except the Indebtedness described on **Schedule 5.18** hereof.

9.22. **EBITDA.** Permit Borrower's EBITDA to be less than \$1,750,000 during any fiscal quarter of Borrower, commencing with the fiscal quarter ending June 30, 2007, tested on a rolling twelve month basis; provided that such amount shall be (i) \$1,900,000 commencing with the fiscal quarter ending June 30, 2008, and (ii) \$2,100,000 commencing with the fiscal quarter ending June 2009 and for each fiscal quarter thereafter.

10. CONDITIONS TO ADVANCES.

10.1. **Lender's Right to Take Certain Actions.** Lender's obligation to make any Advance is subject to the condition that, as of the date of the Advance, no Default or Event of Default shall have occurred and be continuing and that the matters set forth in **Article 5** of this Agreement and the representations and covenants set forth in the other Loan Documents continue to be true and complete. Borrower's acceptance of each Advance under this Agreement shall constitute a confirmation, as of the date of the Advance, of the matters set forth in **Article 5** of this Agreement, of the representations and covenants set forth in the other Loan Documents, and that no Default or Event of Default then exists. If requested by Lender, Borrower shall further confirm such matters by delivery of a Record dated the day of the Advance and signed by an authorized officer of Borrower.

11. TERM. Unless sooner terminated by Borrower or Lender pursuant to the terms of this Agreement, the period during which the Revolving Loan shall be available shall initially be a period commencing on the date hereof and concluding on the Termination Date.

12. EVENTS OF DEFAULT.

12.1 **Defaults.** The occurrence of any of the following events shall constitute an "Event of Default" (individually, an "Event of Default," and collectively, "Events of Default") hereunder, which shall be deemed to be continuing until waived in writing by Lender or cured by Borrower in a manner satisfactory to Lender (to the extent curable):

(a) if Borrower shall fail to make any payment when due on any Obligation under this Agreement or any other Loan Document; or

(b) if Borrower shall fail to comply with any term, condition, covenant, warranty or representation contained in **Articles 6 or 9** of this Agreement; or

(c) if Borrower shall fail to comply with any term, condition, covenant or warranty of or in this Agreement other than in **Articles 6 or 9** of this Agreement, and such failure continues for a period in excess of ten (10) days after notice thereof is given by Lender to Borrower; or

(d) if Borrower shall fail to comply with any term, condition, covenant, warranty or representation contained in any of the other Loan Documents or any other agreement between Lender and Borrower; or

(e) if Borrower shall cease to be Solvent, make an assignment for the benefit of its creditors, call a meeting of its creditors to obtain any general financial accommodation, suspend business or if a case under any provision of the Bankruptcy Code including provisions for reorganizations, shall be commenced by or against Borrower or if a receiver, trustee or equivalent officer shall be appointed for all or any of the Properties of Borrower; or

(f) if any statement or representation contained in any financial statement or certificate delivered by Borrower to Lender shall be false, in any respect, when made; or

(g) if any Federal or state tax lien is filed of record against Borrower and is not bonded or discharged within ten (10) days of filing; or

(h) if Borrower's independent certified public accountants shall refuse to deliver any financial statement required by this Agreement; or

(i) if a judgment for more than One Hundred Thousand and 00/100 Dollars (\$100,000.00) shall be entered against Borrower in any action or proceeding and shall not be stayed, vacated, bonded, paid or discharged within ten (10) days of entry, except a judgment where the claim is fully covered by insurance and the insurance company has accepted liability therefore in writing; or

(j) if any obligation of Borrower in respect of any Indebtedness (other than Indebtedness to Lender) shall be declared to be or shall become due and payable prior to its stated maturity or such obligation shall not be paid as and when the same becomes due and payable; or there shall occur any event or condition which constitutes an event of default under any mortgage, indenture, instrument, agreement or evidence of Indebtedness relating to any obligation of Borrower in respect of any such Indebtedness the effect of which is to permit the holder or the holders of such mortgage, indenture, instrument, -agreement or evidence of Indebtedness, or a trustee, agent or other representative on behalf of such holder or holders, to cause the Indebtedness evidenced thereby to become due prior to its stated maturity; or

(k) upon the happening of any Reportable Event which Lender in its sole discretion determines might constitute grounds for the termination of any Plan, or if a trustee shall be appointed by an appropriate United States District Court or other court or administrative tribunal to administer any Plan, or if the Pension Benefit Guaranty Corporation shall institute proceedings to terminate any Plan or to appoint a trustee to administer any Plan; or

(l) upon the occurrence and continuance of any Material Adverse Effect, which in the sole and absolute opinion of Lender, impairs Lender's security, increases Lender's risks or impairs Borrower's ability to perform under this Agreement or under the other Loan Documents; or

(m) upon the happening of any of the events described in **Subsections 12.1 (d), (e), (f), (g), (h), (i) or (j)** with respect to any guarantor or if any such guarantor purports to terminate its guaranty or upon the death of a guarantor that is a natural person, if any; or

(n) if either Brian F. Coleman or James R. Buscemi does not occupy the same position with Borrower as at the time of the closing of the Loans or is not actively engaged in the day-to-day operations of Borrower's business unless within sixty (60) days of such event, (i) an individual is hired by Borrower to perform substantially the same duties as Brian F. Coleman or James R. Buscemi, as the case may be; (ii) such individual and their qualifications and experience are acceptable to Lender which approval will not be unreasonably withheld; and (iii) such individual executes a validity and support agreement in substantially the same form as the validity and support agreement executed by Brian F. Coleman or James R. Buscemi, as the case may be.

Then, and in any such event, Lender may terminate this Agreement without prior notice or demand to "Borrower or may demand payment in full of all Obligations (whether otherwise then payable on demand or not) without terminating this

Agreement and shall, in any event, be under no further responsibility to extend any credit or afford any financial accommodation to Borrower, whether under this Agreement or otherwise.

12.2. **Obligations Immediately Due.** Upon the Termination Date for any reason, all of Borrower's Obligations to Lender including, but not limited to, the Loans shall immediately become due and payable without further notice or demand.

12.3. **Continuation of Security Interests.** Notwithstanding any termination, until all Obligations of Borrower shall have been fully paid and satisfied, Lender shall retain all security in and title to all existing and future Receivables, General Intangibles, Inventory, Equipment, Fixtures, Investment Property, and other Collateral held by Lender under the General Security Agreement or under any other Loan Document and Borrower shall continue to assign Receivables and consign Inventory to Lender and continue to turn over all proceeds of Collateral to Lender.

12.4. **Lockbox.** Upon the occurrence of and during the continuation of an Event of Default, Lender shall have the right to require Borrower to establish a Lockbox over which Lender shall have the sole power of withdrawal. Upon the establishment of such Lockbox, all proceeds of Collateral, whether cash, checks, drafts, notes, acceptances or other forms of payment including, without limitation, electronic payment if received by Borrower, shall be received by Borrower in trust for Lender and Borrower shall deliver or cause to be delivered such payments forthwith, in the identical form in which received, to Lender or to the Lockbox, as Lender shall require from time to time.

13. REMEDIES OF LENDER. Upon the occurrence of any Event of Default or upon any termination of this Agreement, then Lender shall have, in addition to all of its other rights under this Agreement all of the rights and remedies provided in the General Security Agreement.

14. GENERAL PROVISIONS.

14.1. **Rights Cumulative.** Lender's rights and remedies under this Agreement shall be cumulative and non-exclusive of any other rights or remedies which Lender may have under any other agreement or instrument, by operation of law or otherwise.

14.2. **Successors and Assigns.** This Agreement is entered into for the benefit of the parties hereto and their successors and assigns. It shall be binding upon and shall inure to the benefit of the parties, their successors and assigns. Lender shall have the right, without the necessity of any further consent or authorization by Borrower, to sell, assign, securitize or grant participation in all, or a portion of, Lender's interest in the Loans, to other financial institutions of the Lender's choice and on such terms as are acceptable to Lender in its sole discretion.

14.3. **Notice.** Wherever this Agreement provides for notice to any party (except as expressly provided to the contrary), it shall be given by messenger, facsimile transmission, certified U.S. mail with return receipt requested, or nationally recognized overnight courier with receipt requested, effective when either received or receipt rejected by the party to whom addressed, and shall be addressed as follows, or to such other address as the party affected may hereafter designate:

If to Lender:

Keltic Financial Partners, LP
Attn: John P. Reilly, Managing
Partner
580 White Plains Road, Suite 610
Tarrytown, New York 10591
Fax: (914) 921-1154

With a copy to:

Stradley Ronon Stevens & Young,
LLP
Woodland Falls Corporate Park
200 Lake Drive East, Suite 100

Cherry Hill, New Jersey 08002
Attn: Michael P. Bonner, Esq.
Tel: (856) 321-2405
Fax: (856) 321-2415

If to Borrower: Hudson Technologies Company
275 North Middletown Road
Pearl River, NY 10965
Tel: (845)735-6000
Fax: (845) 512-6070

With a copy to: Stephen P. Mandracchia, Esq.
Hudson Technologies Company
275 North Middletown Road
Pearl River, New York 10965
Tel: (845)735-6000
Fax: (845) 512-6070

14.4 Strict Performance. The failure, at any time or times hereafter, to require strict performance by Borrower of any provision of this Agreement shall not waive, affect or diminish any right of Lender thereafter to demand strict compliance and performance therewith. Any suspension or waiver by Lender of any Default or Event of Default by Borrower under this Agreement or any other Loan Document shall not suspend, waive or affect any other Default or Event of Default by Borrower under this Agreement or any other Loan Document, whether the same is prior or subsequent thereto and whether of the same or a different type.

14.5 Waiver. Borrower waives presentment, protest, notice of dishonor and notice of protest upon any instrument on which it may be liable to Lender as maker, endorser, guarantor or otherwise.

14.6. Construction of Agreement. The parties hereto agree that the terms and language of this Agreement were the result of negotiations between the parties, and, as a result, there shall be no presumption that any ambiguities in this Agreement shall be resolved against either party. Any controversy over the construction of this Agreement shall be decided mutually without regard to events of authorship or negotiation.

14.7.7 Expenses. If, at any time or times prior or subsequent to the date hereof, regardless of whether or not a Default or an Event of Default then exists or any of the transactions contemplated under this Agreement are concluded, Lender employs counsel for advice or other representation, or incurs legal expenses, or consulting fees and expenses, or other costs or out-of-pocket expenses in connection with: (a) the negotiation and preparation of this Agreement or any other Loan Document, or any amendment of or modification of this Agreement or any other Loan Document; (b) the administration of this Agreement or any of the other Loan Documents and the transactions contemplated hereby and thereby; (c) periodic audits and appraisals performed by Lender; (d) any litigation, contest, dispute, suit, proceeding or action (whether instituted by Lender, Borrower or any other Person) in any way relating to the Collateral, this Agreement or any other Loan Document or Borrower's affairs; (e) the perfection of any lien on the Collateral; (f) any attempt to enforce any rights or remedies of Lender against Borrower or any other Person which may be obligated to Lender by virtue of this Agreement or any other Loan Document including, without limitation, the Account Debtors; or (g) any attempt to inspect, verify, protect, preserve, restore, collect, sell, liquidate or otherwise dispose of or realize upon the Collateral; then, in any such event, the actual reasonable attorneys' fees and expenses arising from such services and all reasonable expenses, costs, charges and other fees of such counsel of Lender or relating to any of the events or actions described in this **Section 14.7** shall be payable by Borrower to Lender, and shall be additional Obligations under this Agreement secured by the Collateral. Additionally, if any taxes (excluding taxes imposed upon or measured by the net income of Lender, but including any intangibles tax, stamp tax or

recording tax) shall be payable on account of the execution or delivery of this Agreement, or the execution, delivery, issuance or recording of any other Loan Document, or the creation of any of the Obligations under this Agreement, by reason of any existing or hereafter enacted Federal or state statute, Borrower will pay (or will promptly reimburse Lender for the payment of) all such taxes including, but not limited to, any interest and penalties thereon, and will indemnify, defend and hold Lender harmless from and against any liability in connection therewith. Borrower shall also reimburse Lender for all other expenses incurred by Lender in connection with the transactions contemplated under this Agreement or the other Loan Documents, including, without limitation, fees in connection with any bank account, the Lockbox, wire charges, automatic clearing house fees and other similar costs and expenses.

14.8. Reimbursements Charged to Revolving Loan. With respect to any amount advanced by Lender and required to be reimbursed by Borrower pursuant to the foregoing provisions of **Section 14.7**, it is hereby agreed that Lender may charge any such amount to Borrower's Revolving Loan on the dates such reimbursement is made. Borrower's obligations under **Section 14.7** shall survive termination of the other provisions of this Agreement.

14.9. Waiver of Right to Jury Trial.

A. Borrower and Lender recognize that in matters related to the Loans and this Agreement, and as it may be subsequently modified and/or amended, any such party may be entitled to a trial in which matters of fact are determined by a jury (as opposed to a trial in which such matters are determined by a Federal or state judge). By execution of this Agreement, Lender and Borrower will give up their respective right to a trial by jury. Borrower and Lender each hereby expressly acknowledge that this waiver is entered into to avoid delays, minimize trial expenses, and streamline the legal proceedings in order to accomplish a quick resolution of claims arising under or in connection with the Revolving Note, the Term Note and this Agreement.

B. WAIVER OF JURY TRIAL. TO THE MAXIMUM EXTENT NOT PROHIBITED BY LAW, BORROWER AND LENDER EACH HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES ANY RIGHT THAT BORROWER OR LENDER MAY HAVE TO A TRIAL BY JURY IN RESPECT TO ANY LITIGATION, DIRECTLY OR INDIRECTLY, AT ANY TIME ARISING OUT OF, UNDER, OR IN CONNECTION WITH THE LOANS, THIS AGREEMENT, OR ANY TRANSACTION CONTEMPLATED THEREBY OR HEREBY, BEFORE OR AFTER MATURITY.

C. CERTIFICATIONS. BORROWER HEREBY CERTIFIES THAT NEITHER ANY REPRESENTATIVE NOR AGENT OF LENDER NOR LENDER'S COUNSEL HAS REPRESENTED, EXPRESSLY OR OTHERWISE, OR IMPLIED THAT LENDER WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER. BORROWER ACKNOWLEDGES THAT LENDER HAS BEEN INDUCED TO ENTER INTO THE TRANSACTIONS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATION HEREIN.

14.10. Indemnification by Borrower/Waiver of Claims. Borrower hereby covenants and agrees to indemnify, defend (with counsel selected by Lender) and hold harmless Lender and its officers, partners, employees, consultants and agents from and against any and all claims, damages, liabilities, costs and expenses (including, without limitation, the actual fees and expenses of counsel) which may be incurred by or asserted against Lender or any such other Person in connection with:

- (a) any investigation, action or proceeding arising out of or in any way relating to this Agreement, any of the Loans, any of the other Loan Documents, any other agreement relating to any of the Obligations, any of the Collateral, or any act or omission relating to any of the foregoing; or
- (b) any taxes, liabilities, claims or damages relating to the Collateral or Lender's liens thereon; or
- (c) the correctness, validity or genuineness of any instrument or document that may be released or endorsed to Borrower by Lender (which shall automatically be deemed to be without recourse to Lender in any event), or the existence, character, quantity, quality, condition, value or delivery of any goods purporting to be represented by any such documents; or

(d) any broker's commission, finder's fee or similar charge or fee in connection with the Loans and the transactions contemplated in this Agreement.

Notwithstanding anything contained herein to the contrary, Borrower's indemnification obligations under this Section 14.10 (i) shall not apply to any claims, damages, liabilities, costs and expenses solely attributable to Lender's gross negligence or willful misconduct, and (ii) shall survive repayment of the Obligations and the termination of this Agreement and the other Loan Documents.

14.11 Savings Clause for Indemnification. To the extent that the undertaking to indemnify, pay and hold harmless set forth in **Section 14.10** above may be unenforceable because it is violative of any law or public policy, Borrower shall contribute the maximum portion which it is permitted to pay and satisfy under applicable law to the payment and satisfaction of all matters referred to under **Section 14.10**.

14.12 Waiver. To the extent permitted by applicable law, no claim may be made by Borrower or any other Person against Lender or any of its Affiliates, partners, officers, employees, agents, attorneys or consultants for any special, indirect, consequential or punitive damages in respect of any claim for breach of contract, tort or any other theory of liability arising out of or related to the transactions contemplated by this Agreement or the other Loan Documents or any act, omission or event occurring in connection therewith; and Borrower hereby waives, releases and agrees not to sue upon any claim for any such damages, whether or not accrued and whether or not known or suspected to exist in its favor. Neither Lender nor any of its Affiliates, partners, officers, employees, agents, attorneys or consultants shall be liable for any action taken or omitted to be taken by it or them under or in connection with this Agreement or the transactions contemplated hereby, except for its or their own gross negligence or willful misconduct.

14.13 Entire Agreement; Waiver/Lender's Consent; Amendment. This Agreement (including the Exhibits and Schedules thereto) and the other Loan Documents supersede, with respect to their subject matter, all prior and contemporaneous agreements, understandings, inducements or conditions between the respective parties, whether express or implied, oral or written. No waiver of any provision of this Agreement or any other Loan Document, nor consent to any departure by Borrower therefrom, shall in any event be effective unless the same shall be in a Record Authenticated by Lender, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. No amendment of any provision of this Agreement or any other Loan Document shall in any event be effective unless the same shall be in a Record Authenticated by Lender and Borrower.

14.14 Cross Default; Cross Collateral. Borrower hereby agrees that (a) all other agreements between Borrower and Lender are hereby amended so that a Default or an Event of Default under this Agreement is a default under all such other agreements and a default under any one of the other agreements is a Default or an Event of Default under this Agreement, and (b) the Collateral under this Agreement secures the Obligations now or hereafter outstanding under all other agreements between Borrower and Lender and the Collateral pledged under any other agreement with Lender secures the Obligations under this Agreement.

14.15 Execution in Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement.

14.16 Severability of Provisions. Any provision of this Agreement or any of the other Loan Documents that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Agreement or the other Loan Documents or affecting the validity or enforceability of such provision in any other jurisdiction.

14.17 Table of Contents; Headings. The table of contents and headings preceding the text of this Agreement are inserted solely for convenience of reference and shall not constitute a part of this Agreement or affect its meaning, construction or effect.

14.18 Exhibits and Schedules. All of the Exhibits and Schedules to this Agreement are hereby incorporated by reference herein and made a part hereof.

15. GOVERNING LAW; CONSENT TO JURISDICTION.

(A) THIS AGREEMENT WAS NEGOTIATED IN THE STATE OF NEW YORK, AND MADE BY LENDER AND ACCEPTED BY BORROWER IN THE STATE OF NEW YORK, AND THE PROCEEDS OF THE REVOLVING NOTE AND THE TERM NOTES DELIVERED PURSUANT THERETO WERE DISBURSED FROM THE STATE OF NEW YORK, WHICH STATE THE PARTIES AGREE HAS A SUBSTANTIAL RELATIONSHIP TO THE PARTIES AND TO THE UNDERLYING TRANSACTION EMBODIED HEREIN, AND TN ALL RESPECTS, INCLUDING MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, THIS AGREEMENT AND THE OBLIGATIONS ARISING HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND PERFORMED IN SUCH STATE AND ANY APPLICABLE LAW OF THE UNITED STATES OF AMERICA EXCEPT THAT AT ALL TIMES THE PROVISIONS FOR THE CREATION, PERFECTION, AND ENFORCEMENT OF THE LIENS AND SECURITY INTERESTS CREATED PURSUANT HERETO AND PURSUANT TO THE OTHER LOAN DOCUMENTS SHALL BE GOVERNED BY AND CONSTRUED ACCORDING TO THE LAW OF THE STATE IN WHICH THE APPLICABLE INDIVIDUAL PROPERTY IS LOCATED, IT BEING UNDERSTOOD THAT, TO THE FULLEST EXTENT PERMITTED BY THE LAW OF SUCH STATE, THE LAW OF THE STATE OF NEW YORK SHALL GOVERN THE VALIDITY AND THE ENFORCEABILITY OF ALL LOAN DOCUMENTS AND ALL OF THE INDEBTEDNESS OR OBLIGATIONS ARISING HEREUNDER OR THEREUNDER. TO THE FULLEST EXTENT PERMITTED BY LAW, LENDER AND BORROWER HEREBY UNCONDITIONALLY AND IRREVOCABLY WAIVE ANY CLAIM TO ASSERT THAT THE LAW OF ANY OTHER JURISDICTION GOVERNS THIS AGREEMENT, THE REVOLVING NOTE AND THE TERM NOTES, AND THIS AGREEMENT, THE REVOLVING NOTE AND THE TERM NOTES SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

(B) ANY LEGAL SUIT, ACTION OR PROCEEDING AGAINST LENDER OR BORROWER, ANY GUARANTOR OR OTHER PARTY TO THIS TRANSACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT SHALL BE INSTITUTED IN THE SOLE OPTION OF LENDER IN ANY FEDERAL OR STATE COURT LOCATED IN WESTCHESTER COUNTY, NEW YORK, PURSUANT TO SECTION 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW, AND LENDER AND BORROWER WAIVE ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING, AND LENDER AND BORROWER HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF ANY SUCH COURT IN ANY SUIT, ACTION OR PROCEEDING. BORROWER SHALL DESIGNATE FROM TIME TO TIME AN AUTHORIZED AGENT HAVING AN OFFICE IN THE STATE OF NEW YORK TO ACCEPT AND ACKNOWLEDGE ON ITS BEHALF SERVICE OF ANY AND ALL PROCESS WHICH MAY BE SERVED IN ANY SUCH SUIT, ACTION OR PROCEEDING AND AGREES THAT SERVICE OF PROCESS UPON SUCH AGENT AT SUCH ADDRESS AND WRITTEN NOTICE OF SUCH SERVICE ON SUCH BORROWER MAILED OR DELIVERED TO SUCH BORROWER IN THE MANNER PROVIDED HEREIN SHALL BE DEEMED IN EVERY RESPECT EFFECTIVE SERVICE OF PROCESS UPON SUCH BORROWER IN ANY SUCH SUIT, ACTION OR PROCEEDING IN THE STATE OF NEW YORK. BORROWER (I) SHALL GIVE PROMPT NOTICE TO LENDER OF ANY CHANGE OF ADDRESS OF ITS AUTHORIZED AGENT HEREUNDER, (II) MAY AT ANY TIME AND FROM TIME TO TIME DESIGNATE A SUBSTITUTE AUTHORIZED AGENT WITH AN OFFICE IN NEW YORK, NEW YORK (WHICH OFFICE SHALL BE DESIGNATED AS THE ADDRESS FOR SERVICE OF PROCESS), AND (III) SHALL PROMPTLY DESIGNATE SUCH A SUBSTITUTE IF ITS AUTHORIZED AGENT CEASES TO HAVE AN OFFICE IN NEW YORK, NEW YORK OR IS DISSOLVED WITHOUT LEAVING A SUCCESSOR. BORROWER REPRESENTS AND WARRANTS THAT IT HAS REVIEWED THIS CONSENT TO JURISDICTION PROVISION WITH ITS LEGAL COUNSEL, AND HAS MADE THIS WAIVER KNOWINGLY AND VOLUNTARILY.

16. AMENDMENT AND RESTATEMENT. This Agreement is an amendment and restatement of the Existing Loan Agreement between Borrower and Lender, and it is not intended to be, nor shall it be construed as, a discharge of the Obligations of Borrower to Lender or a novation of any of Borrower's or any other obligor's responsibilities and obligations to Lender pursuant to the Existing Loan Agreement or other Loan Documents previously executed in favor of Lender. It is specifically acknowledged and agreed that the security interests, liens and rights granted to Lender pursuant to the Existing Loan Agreement and related existing Loan Documents are to continue in full force and effect, and the priority and perfection of all such security interests and liens in the Collateral shall continue from the dates originally established in connection with the Existing Loan Agreement and related existing Loan Documents. Except as expressly modified hereby, and except to the extent such existing Loan Documents are specifically amended and restated, all terms and conditions of the Loan Documents shall remain unmodified and in full force and effect and are hereby ratified and confirmed by Borrower.

17. RELEASE. In consideration of the agreements of Lender contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Borrower and each guarantor, on behalf of itself and its successors, assigns, and other legal representatives, hereby absolutely, unconditionally and irrevocably releases, remises and forever discharges Lender, and its successors and assigns, and its present and former shareholders, affiliates, subsidiaries, divisions, predecessors, directors, officers, attorneys, employees, agents and other representatives (Lender and all such other Persons being hereinafter referred to collectively as the "Releasees" and individually as a "Releasee"), of and from all demands, actions, causes of action, suits, covenants, contracts, controversies, agreements, promises, sums of money, accounts, bills, reckonings, damages and any and all other claims, counterclaims, defenses, rights of set-off, demands and liabilities whatsoever of every name and nature, known or unknown, suspected or unsuspected, both at law and in equity, which Borrower and/or such guarantor or any of its successors, assigns, or other legal representatives may now or hereafter own, hold, have or claim to have against the Releasees or any of them for, upon, or by reason of any circumstance, action, cause or thing whatsoever which arises at any time on or prior to the day and date of this Agreement, including, without limitation, for or on account of, or in relation to, or in any way in connection with the Existing Loan Agreement, the guaranties or any of the other Loan Documents or transactions, course of performance or course of dealing thereunder or related thereto; provided, however, that nothing herein shall release Lender from its obligations to Borrower under the terms of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their officers thereunto duly authorized on the day and year first above written.

KELTIC FINANCIAL PARTNERS,
LP

By: KELTIC FINANCIAL SERVICES
LLC, its general partner

By: /s/ John P. Reilly

Name: John P. Reilly

Title: Managing Partner

HUDSON TECHNOLOGIES
COMPANY

By: /s/ Brian F. Coleman

Name: Brian F. Coleman

Title: President and Chief Operating Officer

AGREEMENT AND CONSENT OF GUARANTORS

Each of the undersigned guarantors, intending to be legally bound, does hereby (a) agree to the provisions of Sections 16 and 17 of the foregoing Agreement, (b) consent to the execution, delivery and performance of the within and foregoing Agreement, and (c) confirm and reaffirm, without setoff, counterclaim, deduction or other claim of avoidance of any nature, the continuing effect of such guarantor's guaranty of the Obligations after giving effect to the foregoing Agreement.

HUDSON TECHNOLOGIES, INC.

By: /s/ Brian F. Coleman

Name: Brian F. Coleman

Title: President

HUDSON HOLDINGS, INC.

By: /s/ Brian F. Coleman

Name: Brian F. Coleman

Title: President

Dated: June 26, 2007

EXHIBIT A

AMENDED AND RESTATED REVOLVING NOTE

\$10,000,000.00 June ____, 2007

FOR VALUE RECEIVED, **HUDSON TECHNOLOGIES COMPANY** a corporation organized and existing under the laws of the State of Tennessee, having an address at 275 North Middletown Road, Pearl River, New York 10965 ("Borrower"), promises to pay to the order of KELITIC FINANCIAL PARTNERS, LP ("Lender"), at 555 Theodore Fremd Avenue, Suite C-207, Rye, New York 10580 or at such other place as Lender may from time to time in writing designate, the principal sum of each Advance made by Lender to Borrower under that certain revolving loan agreement dated even date herewith between Borrower and Lender as it may be subsequently amended and/or modified (collectively, the "Loan Agreement") (the Loan Agreement together with all of the other documents, instruments or agreements executed in connection therewith, as the same may be modified, amended, restated or replaced from time to time are hereinafter collectively referred to as, the "Loan Documents"). The aggregate unpaid principal balance hereof shall not exceed at any time the sum of TEN MILLION and 00/100 Dollar (\$10,000,000.00). Capitalized terms used herein and not otherwise defined shall have the meaning given such terms in the Loan Documents. The entire unpaid principal balance hereof, together with the accrued interest thereon and accrued late charges, if any, and all other sums due hereunder and under the Loan Documents shall be due and payable on the Termination Date.

Borrower also promises to pay interest to Lender monthly, in arrears, on the first day of each month commencing on July 1, 2007 on the average daily unpaid principal balance of this Note at the rate set forth in **Section 3.1** of the Loan Agreement.

This is the "Revolving Note" referred to in the Loan Agreement and is entitled to the benefit of all of the terms and conditions and the security of all of the security interests and liens granted by Borrower or any other person to Lender pursuant to the Loan Agreement or any other Loan Document including, without limitation, provisions regarding mandatory and optional prepayment rights. Upon the occurrence of any Event of Default, the entire unpaid principal amount owed Lender hereunder shall become immediately due and payable without further notice or demand.

Whenever any payment to be made under this Note shall be stated to be due on a day other than a Banking Day, such payment shall be made on the next succeeding Banking Day and such extension of time shall be included in the computation of any interest then due and payable hereunder.

The undersigned and all other parties who, at any time, may be liable hereon in any capacity waive presentment, demand for payment, protest and notice of dishonor of this Note. This Note and any provision hereof may not be waived, modified, amended or discharged orally, but only by an agreement in writing which is signed by the holder and the party or parties against whom enforcement of any waiver, change, modification, amendment or discharge is sought.

This Note shall be governed by and construed under the internal laws of the State of New York, as the same may from

time to time be in effect, without regard to principles of conflicts of laws thereof.

This Note amends, restates and supersedes, but does not discharge the obligations of, nor constitute a novation with respect to, the indebtedness of Borrower to Lender pursuant to that certain Revolving Note in the principal amount of \$4,600,000 dated May 30, 2003 previously executed and delivered by Borrower to Lender.

IN WITNESS WHEREOF, the undersigned has executed this Note the day and year first above written.

HUDSON TECHNOLOGIES COMPANY

By:

Name: Brian F. Coleman

Title: President and Chief Operating Officer

-
EXHIBIT B-1

AMENDED AND RESTATED TERM NOTE A

\$2,500,000.00 June __, 2007

FOR VALUE RECEIVED, HUDSON TECHNOLOGIES COMPANY, a corporation organized and existing pursuant to the laws of the State of Tennessee having an address at 275 North Middletown Road, Pearl River, New York 10965 ("Borrower"), promises to pay to the order of **KELTIC FINANCIAL PARTNERS, LP** ("Lender") a Delaware limited partnership with a place of business at 555 Theodore Fremd Avenue, Suite C-207, Rye, New York 10580, or at such other place as Lender may from time to time in writing designate, the sum of TWO MILLION FIVE HUNDRED THOUSAND DOLLARS AND 00/100 (\$2,500,000.00), payable in equal consecutive monthly installments of \$29,761.90 each, commencing on July 1, 2007 and on the first day of each month thereafter. Capitalized terms used herein but not otherwise defined shall have the meanings set forth in that certain Amended and Restated Loan Agreement dated the date hereof between Borrower and Lender (as amended, the "Loan Agreement", and together with all of the other documents, instruments or agreements executed in connection therewith, as the same may be modified, amended, restated or replaced from time to time, the "Loan Documents"). The entire unpaid principal balance hereof, together with the accrued interest thereon and accrued late charges, if any, and all other sums due hereunder and/or under any of the other Loan Documents shall be due and payable on the Termination Date.

Borrower also promises to pay interest to Lender monthly, in arrears, on the first day of each month, commencing on July 1, 2007 on the outstanding principal balance of this Note at the rate set forth in **Section 3.1** of the Loan Agreement.

Any partial prepayments made by the undersigned will be applied against the remaining unpaid payments due hereunder in the inverse order of the maturity of such payments.

This is the "Term Loan A" referred to in the Loan Agreement and is entitled to the benefits of all of the terms and conditions and the security of all of the security interests and liens granted by Borrower or any other person to Lender pursuant to the Loan Agreement or any of the other Loan Documents including, without limitation, provisions regarding mandatory and/or optional prepayment rights and premiums. Upon the occurrence of any Event of Default, the entire unpaid principal amount owed Lender hereunder shall become immediately due and payable hereof without further notice or demand.

Whenever any payment to be made under this Note shall otherwise be due on a day that is not a Banking Day, such payment shall be made on the next succeeding Banking Day, and such extension of time shall be included in computing interest in connection with any such payment.

Borrower and all other parties who, at any time, may be liable hereon in any capacity waive presentment, demand for payment, protest and notice of dishonor of this Note. This Note may not be changed orally, but only by an agreement in writing which is signed by the holder and the party or parties against whom enforcement of any waiver, change, modification or discharge is sought.

This Note shall be governed by and construed under the internal laws of the State of New York, as the same may from time to time be in effect, without regard to principles of conflicts of laws thereof.

This Note amends, restates and supersedes, but does not discharge the obligations of, nor constitute a novation with respect to, the indebtedness of Borrower to Lender pursuant to that certain Second Restated Term Note in the principal amount of \$400,000 dated March 8, 2006 previously executed and delivered by Borrower to Lender.

IN WITNESS WHEREOF, the undersigned has executed this Note on the day and year first above written.

HUDSON TECHNOLOGIES COMPANY

By:

Name: Brian F. Coleman

Title: President and Chief Operating Officer

EXHIBIT B-2

TERM NOTE B

\$4,500,000.00 June __, 2007

FOR VALUE RECEIVED, HUDSON TECHNOLOGIES COMPANY, a corporation organized and existing pursuant to the laws of the State of Tennessee having an address at 275 North Middletown Road, Pearl River, New York 10965 ("Borrower"), promises to pay to the order of **KELTIC FINANCIAL PARTNERS, LP** ("Lender") a Delaware limited partnership with a place of business at 555 Theodore Fremd Avenue, Suite C-207, Rye, New York 10580, or at such other place as Lender may from time to time in writing designate, the sum of FOUR MILLION FIVE HUNDRED THOUSAND DOLLARS AND 00/100 (\$4,500,000.00), payable in equal consecutive monthly installments of \$53,571.43 each, commencing on July 1, 2007 and on the first day of each month thereafter. Capitalized terms used herein but not otherwise defined shall have the meanings set forth in that certain Amended and Restated Loan Agreement dated the date hereof between Borrower and Lender (as amended, the "Loan Agreement", and together with all of the other documents, instruments or agreements executed in connection therewith, as the same may be modified, amended, restated or replaced from time to time, the "Loan Documents"). The entire unpaid principal balance hereof, together with the accrued interest thereon and accrued late charges, if any, and all other sums due hereunder and/or under any of the other Loan Documents shall be due and payable on the Termination Date.

Borrower also promises to pay interest to Lender monthly, in arrears, on the first day of each month, commencing on July 1, 2007 on the outstanding principal balance of this Note at the rate set forth in **Section 3.1** of the Loan Agreement.

Any partial prepayments made by the undersigned will be applied against the remaining unpaid payments due hereunder in the inverse order of the maturity of such payments.

This is the "Term Loan B" referred to in the Loan Agreement and is entitled to the benefits of all of the terms and conditions and the security of all of the security interests and liens granted by Borrower or any other person to Lender pursuant to the Loan Agreement or any of the other Loan Documents including, without limitation, provisions regarding mandatory and/or optional prepayment rights and premiums. Upon the occurrence of any Event of Default, the entire unpaid principal amount owed Lender hereunder shall become immediately due and payable hereof without further

notice or demand.

Whenever any payment to be made under this Note shall otherwise be due on a day that is not a Banking Day, such payment shall be made on the next succeeding Banking Day, and such extension of time shall be included in computing interest in connection with any such payment.

Borrower and all other parties who, at any time, may be liable hereon in any capacity waive presentment, demand for payment, protest and notice of dishonor of this Note. This Note may not be changed orally, but only by an agreement in writing which is signed by the holder and the party or parties against whom enforcement of any waiver, change, modification or discharge is sought.

This Note shall be governed by and construed under the internal laws of the State of New York, as the same may from time to time be in effect, without regard to principles of conflicts of laws thereof.

IN WITNESS WHEREOF, the undersigned has executed this Note on the day and year first above written.

HUDSON TECHNOLOGIES COMPANY

By:

Name: Brian F. Coleman

Title: President and Chief Operating Officer

EXHIBIT C

FORM OF NOTICE OF BORROWING

Keltic Financial Partners, LP
555 Theodore Fremd Avenue, Site C-207
New York, New York 10580

Re: Request for loan/advance

The undersigned requests a \$ _____ loan advance pursuant to Section 2.1 of the Amended and Restated Loan Agreement dated as of June __, 2007 between Keltic Financial Partners, LP and the undersigned ("Loan Agreement"). Capitalized terms used herein and not otherwise defined herein shall have the meanings given to them in the Loan Agreement.

Please wire the requested loan advance [to our operating account number _____ at _____] or [in accordance with the following wire instructions [insert instructions]]. Please call the undersigned to confirm receipt of this fax at _____.

Thank you.

HUDSON TECHNOLOGIES COMPANY

By:

Name: Brian F. Coleman

Title: President and Chief Operating Officer

EXHIBIT E

COMPLIANCE CERTIFICATE

HUDSON TECHNOLOGIES COMPANY ("Borrower") hereby certifies to KELTIC FINANCIAL PARTNERS, LP in accordance with the provisions of an Amended and Restated Loan Agreement between Borrower and Lender dated the ____ day of June, 2007, as the same from time to time may be amended, supplemented or otherwise modified ("Agreement") that:

A. General

- (i) Borrower has complied in all respects with all the terms, covenants and conditions of the Agreement which are binding upon them;
- (ii) there exists no Event of Default or Default as defined in the Agreement;
- (iii) the representations and warranties contained in the Agreement are true in all respects with the same effect as though such representations and warranties had been made on the date hereof; and

B. Financial Covenants

As of the date hereof or, from such period as may be designated below, the computations, ratios and calculations as set forth below, are true and correct:

- (a) Tangible Net Worth
- (b) Capital Expenditures
- (c) EBITDA

WITNESS the signature of the undersigned duly authorized officer of Borrower on _____, 20__.

HUDSON TECHNOLOGIES COMPANY

By:

Name: Brian F. Coleman
Title: President and Chief Operating Officer

EXHIBIT F

CLOSING RESERVE NOTICE

HUDSON TECHNOLOGIES COMPANY

275 North Middletown Road

Pearl River, New York 10965

_____, 2007

Keltic Financial Partners, LP

555 Theodore Fremd Ave., Suite C-207

Rye, NY 10580

Attn: John P. Reilly, Managing Partner

RE: Authorization to Pay Proceeds

Ladies and Gentlemen:

On June ____, 2007 Hudson Technologies Company ("**Borrower**") entered into certain financing arrangements with you, including, without limitation, the Amended and Restated Loan Agreement (the "**Loan Agreement**") and the documents and instruments related thereto (such agreements, documents and instruments to be referred to collectively as the "**Financing Agreements**"). Pursuant to Section 2.3(b) of the Loan Agreement, you implemented a reserve (the

"Closing Reserve") in the amount of \$1,307,550 (the "Closing Reserve Amount") in order to ensure that Borrower had sufficient availability to make payment to those shareholders who tender shares in Borrower's tender offer and/or, to the extent the shareholders do not tender their shares in such tender offer, to make payment to Fleming US Discovery Fund III, L.P. and Fleming US Discovery Offshore Fund III, L.P. (collectively, "Fleming"), as set forth in that certain Stock Purchase Agreement dated June ____, 2007 between Fleming and Borrower.

This letter serves as request and authorization for you to remove the Closing Reserve and, provided that no Event of Default under the Loan Agreement has occurred and is continuing, make an Advance in the Closing Reserve Amount to the parties and in the amounts set forth below, and to charge Borrower's account therefor:

Payee

Amount

You are further authorized and requested to follow such instructions and directions as you may be given by the payee(s) listed above with respect to the form and manner of payment. Wiring instructions for the payee(s) are attached hereto.

[CONTINUED ON NEXT PAGE]

The foregoing represents advances required to pay the above payee(s), and is in no way intended to limit your rights to charge our account any other amounts in accordance with the Financing Agreements.

Very truly yours,

HUDSON TECHNOLOGIES COMPANY

By:

Name: Brain F. Coleman

Title: President and Chief Operating Officer

EXHIBIT H

FORM OF ALLONGE

ALLONGE TO AMENDED AND RESTATED REVOLVING NOTE

ENDORSEMENT SEPARATE FROM INSTRUMENT

Maker: Hudson Technologies
Company
Payee: Keltic Financial Partners, LP
Date of Note: June __, 2007
Original Principal Amount: \$10,000,000

This Allonge shall be and remain attached to and shall constitute an integral part of the above-described Amended and Restated Revolving Note (the "**Note**") from and after the date hereof.

Effective as of the date hereof, the principal amount of the Note is hereby increased by \$ _____ to \$ _____, and all references to the term "\$ _____" (whether written or numerical) in the Note are hereby replaced with the term "\$ _____".

Except as expressly amended by this Allonge, the provisions of the Note shall remain in full force and effect and are hereby ratified and confirmed by the undersigned including, without limitation, the confession of judgment provisions thereof.

IN WITNESS WHEREOF, the undersigned, intending to be legally bound, has caused this Allonge to be executed by its duly authorized officer as of the day of _____, 200__.

HUDSON TECHNOLOGIES COMPANY

By: _____

Name: Brian F. Coleman

Title: President and Chief Operating Officer

Acknowledged and Agreed to:

KELTIC FINANCIAL PARTNERS, LP

By: KELTIC FINANCIAL SERVICES LLC, its general partner

By: _____

Name:

Title:

JIHUHU

Schedule 5.2

Other Names

Hudson Technologies Company

dba Hudson Technologies of Tennessee

dba Hudson Technologies Company of Tennessee

Schedule 5.3

Subsidiaries and Affiliates

Parent Company is Hudson Technologies, Inc. ("Parent"), a New York corporation

Parent is the sole stockholder of Hudson Holding's, Inc. ("Holding"), a Nevada Corporation

Holding is the sole stockholder of Borrower, Hudson Technologies Company, a Tennessee Corporation

The following Persons may be deemed "Affiliates" as that term is defined in Section 1.3:

Hudson Technologies, Inc.

Hudson Holdings, Inc.

Fleming US Discovery Fund III, LP

Fleming US Discovery Offshore Fund III, L.P.

Schedule 5.8

Real Estate

Leased by Borrower

<u>Facility</u>	<u>Address</u>	<u>Landlord</u>	<u>Term</u>
Seattle, Wa	320 26 th St. NW, Ste 9 Auburn, Washington	Park 26, LLC c/o The Andover Company, Inc. 415 Baker Boulevard, Suite 200 Tukwila, WA 98188	5/1/06 -4/30/07 currently month to month
Charlotte, NC	3300 International Airport Dr Suite 800 Charlotte, North Carolina	AMB Institutional Alliance c/o CB Richard Ellis 201 South College Street Charlotte, NC 28244	9/15/04 - 11/30/09
Pearl River, NY	275 N. Middletown Road Pearl River, New York	275 N. Middletown Road, LLC 275 North Middletown Road Pearl River, New York 10965	1/1/03 - 12/31/07
Baton Rouge, La.	11245 Airline Highway Baton Rouge, Louisiana	Reulet Family Holdings, LLC c/o John A. Reulet, Sr., President 3037 Jones Creek Road Baton Rouge, Louisiana 70817	8/1/02 - 7/31/05 currently month to month
Raymond, NH	64 Freetown Rd, Ste. 3	Kountry Donut & Bake Shop, Inc. 64 Freetown Rd. Raymond, NH	6/1/06 - 6/30/07
Pottsboro, TX	501 Hwy 120 North Suites 101 & 102 Pottsboro, TX 75076	the Preston Plaza ownership acting herein and through Regina Hogenson", 142 Chrissa Dr. Pottsboro, Texas 75076	9/14/06 -8/31/08
Orangeburg, NY	50 Ramland Road Orangeburg, NY	50 Ramland LLC Orangeburg, NY 10962	6/15/06 - 6/30/11

Owned

3402 North Mattis Ave, Champaign, Illinois 61821 - acquired 5/31/05

Schedule 5.9

Intellectual Property

US Patents

<u>TITLE-NAME</u>	<u>TYPE</u>	<u>INVENTOR</u>	<u>OWNER</u>	<u>DATE ISSUED</u>	<u>NUMBER</u>
Method & Apparatus for Refrigerant Reclamation	Patent	K. Zugibe	Hudson 210	1/3/95	5,377,499
Hydraulic System for Recovering Refrigerants	Patent	K. Zugibe	Hudson 209	4/2/96	5,502,974
Method & Apparatus for Reclaiming a Refrigerant	Patent	J. Todack	Hudson	6/11/91	5,022,230
Apparatus for Recovering and Analyzing Volatile Refrigerants	Patent	K. Zugibe	Hudson	9/8/98	5,802,859
Apparatus & Method and Analyzing Volatile Refrigerants	Patent	K. Zugibe	Hudson	11/7/00	6,141,977
Method & Apparatus For Sonic Cleaning of Heat Exchangers	Patent	K. Zugibe	Hudson 204	9/18/01	6,290,778
Apparatus & Method For Flushing a Chiller System	Patent	K. Zugibe & A. Mika	Hudson 203	3/19/02	6,357,240
Apparatus & Method For Flushing a Refrigeration System	Patent	A. Mika & C. Harkins	Hudson 202	12/26/00	6,164,080
Method & Apparatus For Measuring and Improving Efficiency In Refrigeration Systems	Patent	K. Zugibe & D. Schmidt	Hudson 206A	1/14/03	6,505,475
Method & Apparatus For Measuring and Improving Efficiency In Refrigeration Systems	Patent Pending Allowed 4/19/05	K. Zugibe & D. Schmidt	Hudson 206.1	filed 1/7/03	App. # 10/338,941
Method & Apparatus For Measuring and Improving Efficiency in Refrigeration Systems	Patent Pending	K. Zugibe & D. Schmidt	Hudson 206.2	filed 7/14/05	App. # 11/182,249 Allowed 3/15/06 11/182,249

Schedule 5.9 (continued)

Method & Apparatus For Measuring and Improving Efficiency In Refrigeration Systems	Patent Pending	K. Zugibe & D. Schmidt	Hudson	filed 1/7/00	6,505,475
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Method & Apparatus For Optimizing Refrigeration Systems	Provisional Patent App.	K.Zugibe	Hudson 208	filed 12/19/02 Filed 12/9/03	60/434,847 10/730791
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FOREIGN PATENTS

Method & Apparatus for Reclaiming a Refrigerant	Patent J. Todack	CANADA	Exp. 5/24/11	Patent # 2,084,088
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Method & Apparatus For Optimizing Refrigeration Systems	PCT K.Zugibe	Hudson 208PCT	filed 12/9/03	PCT/US03/39175
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Method & Apparatus for Refrigerant Reclamation	Patent K. Zugibe	Hudson 210 BRAZIL	Patent Issued 8/8/00	Expires 12/6/2014, Patent #PI9404879-7 8/8/00
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CANADA	Patent Issued 8/20/02	Expires 12/8/2014, Patent #2137771
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CHINA	Patent issued 11/9/2001	Expires 12/9/2014, Reg. #82500
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COSTA RICA	Patent Pending, application filed 12/7/94	SN 5042
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ISRAEL	Patent issued 10/14/97	Expires 12/6/14, Patent#111899
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JAPAN	Patent issued application filed 12/8/94	SN 331070/94
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<u>MEXICO-</u>	Patent Issued 6/25/99 - Expires 12/9/14,	Patent # 192486
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<u>POLAND -</u>	Patent Issued 12/1/98 - Expires 12/5/14.	Patent#176 518
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<u>RUSSIA-</u>	Patent Issued 8/20/99 - Expires 8/20/14.	Patent # 2134851
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<u>EUROPEAN COMMUNITY -</u>	Patent Issued 3/31/99. Expires 12/8/14.	Patent # 0682218
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(Belgium, Denmark, France, Germany, Italy, Netherlands, Spain, Sweden, Switzerland/Liechtenstein, United Kingdom)

Schedule 5.9 (continued)

Method & Apparatus For Optimizing Refrigeration Systems	K. Zugibe	HUDSON 208		
		Australia	filed 6/7/05	App # 2003300845
		Canada	filed 6/6/05	App # 2,509,207
		China	filed 8/9/05	App # 200380109603.5

Eur. Comm.	filed 4/29/05	App # 03 812 911.0
India	filed 6/7/05	App # 1306/KOL NP/05
Israel	filed 6/7/05	App # 169,052
Japan	filed 6/9/05	App # 2005-511749
So. Korea	filed 6/9/05	App # 2005-7010468
Mexico	filed 6/10/05	App # PA/a/2005/006174
New Zealand	filed 6/13/05	App # 540685
Philippine	filed 6/9/05	App # 501094-1-05
Poland	filed 10/13/05	App # P 377583
Eurasian	filed 7/8/05	App # 200500945
Singapore	filed 6/9/05	App # 200503690-0
South Africa	filed 6/8/05	App # 2005/04679
HUDSON 208.1		
South Africa	filed 6/5/06	App # 2006/04590

US TRADEMARKS

<u>TITLE-NAME</u>	<u>TYPE</u>	<u>INVENTOR</u>	<u>OWNER</u>	<u>DATE ISSUED</u>	<u>NUMBER</u>
GLACIER	Trademark	N/A	Hudson 806	3/2/99	2,227,148
ZUGIBEAST	Trademark	N/A	Hudson 805	7/9/96	1,985,422
HTI	Service Mark Trademark	N/A	Hudson	4/23/96	1,970,063
R-SIDE	Service Mark Trademark	N/A	Hudson 808	11/7/00 7/30/02	Ser. # 75/532328 Reg # 2601434
REFRIGERANTSIDE	Service Mark Trademark	N/A	Hudson 807	10/24/00 4/9/02	Ser. # 75/532327 Reg # 2559214
Hudson Technologies, Inc.	Service Mark Trademark	N/A	Hudson 804	4/23/96	1,969,986
Chiller Chemistry	Service Mark Trademark	N/A	Hudson 803	3/21/05	Ser #78/591,426
ChillerSmart	Service Mark Trademark	N/A	Hudson 802	3/21/05	Ser #78/591,413

Schedule 5.9 (continued)

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FOREIGN TRADEMARKS

<u>TITLE-NAME</u>		<u>INVENTOR</u>	<u>COUNTRY</u>	<u>DATE</u>	<u>NUMBER</u>	
Chiller Chemistry	Service Mark Trademark	N/A	HUDSON 803	South Africa MPU	10/17/05 9/21/05	2005/19998 878513
ChillSmart	Service Mark Trademark	N/A	HUDSON 802	South Africa MPU	10/17/05 9/22/05	2005/19997 878512

Patent Licenses

Reciprocal licenses between Parent and Borrower (not formalized)

License of Borrower's Patent #5,022,230 granted to James Todack for a total of 10 machines that were leased to Borrower in 1994, of which six were purchased by Borrower in 2001 and four were returned to James Todack in 2001.

License to The BOC Group PLC, and BOC Limited, pursuant to Agreements, dated June 23, 2003, to utilize equipment and to use Trademarks in the United Kingdom and the Republic of Ireland.

License to The BOC Group PLC and African Oxygen Limited, pursuant to Agreement dated March 23, 2004, to utilize equipment and to use Trademarks in the Republic of South Africa.

Trademark Licenses

All trademarks licensed to Borrower (not formalized)

License to The BOC Group PLC, and BOC Limited, pursuant to Agreements, dated June 23, 2003, to utilize equipment and to use Trademarks in the United Kingdom and the Republic of Ireland.

License to The BOC Group PLC and African Oxygen Limited, pursuant to Agreement dated March 23, 2004, to utilize equipment and to use Trademarks in the Republic of South Africa.

Copyrights

None

Copyright Licenses

None

Schedule 5.13

Litigation

None

Schedule 5.14

Receivables Locations

<u>Facility</u>	<u>Address</u>	<u>Landlord</u>	<u>Term</u>
Pearl River, NY	275 N. Middletown Road Pearl River, New York	275 N. Middletown Road, LLC 275 North Middletown Road Pearl River, New York 10965	1/1/03 - 12/31/06

Schedule 5.15

Current Inventory Locations - as of 3/31/07

<u>Facility</u>	<u>Address</u>	<u>Landlord</u>	<u>Term</u>
Seattle, Wa.	1320 26 th St. NW, Ste 9 Auburn, Washington	Park 26, LLC c/o The Andover Company, Inc. 415 Baker Boulevard, Suite 200 Tukwila, WA 98188	5/1/06 -4/30/07
Charlotte, NC	3300 International Airport Dr. Suite 800 Charlotte, North Carolina	AMB Institutional Alliance c/o CB Richard Ellis 201 South College Street Charlotte, NC 28244	9/15/04 - 11/30/09
Pearl River, NY	275 N. Middletown Road Pearl River, New York	275 N. Middletown Road, LLC 275 North Middletown Road Pearl River, New York 10965	1/1/03 - 12/31/07
Baton Rouge, La.	11245 Airline Highway	Reulet Family Holdings, LLC c/o John A. Reulet, Sr., President 3037 Jones Creek Road Baton Rouge, Louisiana 70817	8/1/02 - 7/31/05 currently month to month
Raymond, NH	64 Freetown Rd, Ste. 3 Raymond, NH	Kountry Donut & Bake Shop, Inc. 64 Freetown Rd. Raymond, NH	6/1/06 - 6/30/07
Pottsboro, TX	501 Hwy 120 North Suites 101 & 102 Pottsboro, TX 75076	the Preston Plaza ownership acting herein and through Regina Hogenson", 142 Chrissa Dr. Pottsboro, Texas 75076	9/14/06 -8/31/08
Orangeburg, NY	50 Ramland Road Orangeburg, NY	50 Ramland LLC Orangeburg, NY 10962	6/15/06 - 6/30/11
Champaign, Il.	3402 North Mattis Ave Champaign, Illinois 61821	Company owned - acquired 5/31/05	

The Company is currently storing one vehicle, a trailer, various pieces of service equipment, and approximately 5,000 lbs. of refrigerant at a facility operated by CEM-CORP, located at 3191 Commercial Street San Diego, California 92113

In addition to the foregoing, the Borrower maintains inventory at the following bonded warehouses:

Associated Transfer & Storage, Inc., 301 Wilbur Heights Road, Champaign, Illinois

Freeport Distribution Inc., 4802 W. Polk, Phoenix, Arizona 85043

Lone Star Integrated Distribution, Inc., 800 Burnett, Houston, Texas 77009

Texas Cartage Warehouse, Inc., 12344 E. Northwest Hwy., Dallas, Texas 75228

Larsen Warehousing & Distribution, Inc., 11685 E. 53rd Ave., Denver CO 80239

Schedule 5.17

Liens

1. Hudson Technologies Company

A. Mortgages: Commercial Mortgage dated May 27, 2005 against premises located at 3402 North Mattis Ave., Champaign, Illinois, in favor of Busey Bank, recorded on June 2, 2005, as Instrument No. 2005R14874, in the Office of the Champaign County Recorder. See Schedule 5.18.

B. Financed - Equipment Loans/Capital Leases (as of 3/31/06)

<u>Item</u>	<u>Lien Holder</u>	<u>Balance</u>	<u>Payment</u>	<u>Expire</u>
Ford LCF Truck (NY)	Ford Credit	36,307	\$906.04/mo.	March 2011
Ford Truck (WA)	Ford Credit	37909	914.73 /mo	June 2011
Ford Truck (IL)	Ford Credit	36,871	889.68 /mo	June 2011
Ford Truck (NY)	Ford Credit	37,508	905.06 /mo	June 2011
Ford Truck (NC)	Ford Credit	35,687	861.12 /mo	June 2011
Ford Truck (LA)	Ford Credit	38,493	913.83 /mo	June 2011
Ford Truck (NY)	Ford Credit	32,649	643.13 /mo	Aug 2011
Load Scales (IL)	GE Capital/Fairbanks Scales	\$16,259	\$110150/mo.	August 2008
Forklift (IL)	DeLage Landen	\$13,595	\$524.84	November 2009
Phone System	Wells Fargo	\$,2,050	\$304.62	December 2007

C. Operating Leases

<u>Item</u>	<u>Lessee</u>	<u>Payments (incl. tax)</u>	<u>Expire</u>
Chassis for ISO containers	Matlack Leasing	\$10/day/chassis	month to month
Mail Machine (NY)	Pitney Bowes	\$199.58/quarter	7/10/07
Mail Machine (Orangeburg)	Pitney Bowes	\$183.60/quarter	12/10/11
Mail Machine (IL)	Pitney Bowes	\$105.00/quarter	2/20/09
Mail Machine (NC)	Pitney Bowes	\$64.32/quarter	month to month
Mail Machine (NH)	Neopost	\$166.86/quarter	3/18/08
Copier (NY)	Konica/Minolta	\$781.60/mo.	4/30/07 - will be purchased at lease end

Schedule 5.18

Indebtedness

1. Obligations of Parent, Hudson Technologies, Inc.

B. Other Debt:

i. Premium Finance Agreement with A.I. Credit Corp. in the amount of \$61,690.17, representing financed premium on Directors and Officers liability policy, covering period 11/1/06 through 11/1/07, requiring 9 equal payments of principal and interest, in the amount of \$6,854.49, through 4/1/06

ii. Premium Finance Agreement with Bank Direct Capital Finance in the amount of \$282,951.90, representing financed premiums on the Company's general liability, pollution, contractor's pollution, workers compensation and umbrella insurance policies, covering the period 4/27/07 through 4/27/08, and requiring 11 equal monthly payments of principal and interest in the amount of \$25,722.90 through 3/27/08.

iii. Premium Finance Agreement with Euler Hermes ACI in the amount of \$21,881.25, representing financed premiums on the A/R Credit Indemnity Policy, covering the period 6/1/07 through 6/1/08, and requiring 3 quarterly payments of principal and interest in the following amounts: \$7,440.82 on 9/1/07; \$7,586.30 on 12/1/07; and \$7,731.77 on 3/1/08.

2. Obligations of Borrower, Hudson Technologies Company

A. Unsecured Obligations - None

B. Additional Secured Debt/Equipment financing (excluding outstanding Keltic debt):

<u>Item</u>	<u>Lien Holder</u>	<u>Balance</u>	<u>Payment</u>	<u>Expire</u>
Mortgage on Champaign, IL	Busey Bank	\$877,426	\$8,495/mo	June 2020
Ford LCF Truck (NY)	Ford Credit	36,307	\$906.04/mo.	March 2011
Ford Truck (WA)	Ford Credit	37909	914.73 /mo	June 2011
Ford Truck (IL)	Ford Credit	36,871	889.68 /mo	June 2011
Ford Truck (NY)	Ford Credit	37,508	905.06 /mo	June 2011
Ford Truck (NC)	Ford Credit	35,687	861.12 /mo	June 2011
Ford Truck (LA)	Ford Credit	38,493	913.83 /mo	June 2011
Ford Truck (NY)	Ford Credit	32,649	643.13 /mo	Aug 2011
Load Scales (IL)	GE Capital/Fairbanks Scales	\$16,259	\$110150/mo.	August 2008
Forklift (IL)	DeLage Landen	\$13,595	\$524.84	November 2009
Phone System	Wells Fargo	\$,2,050	\$304.62	December 2007

Schedule 5.21

Environmental Matters

(a) (i) The Borrower is a refrigerant services company providing innovative solutions to recurring problems within the refrigeration industry. The Borrower's products and services are primarily used in commercial air conditioning, industrial processing and refrigeration systems, including (i) refrigerant sales, (ii) RefrigerantSide® Services performed at a customer's site, consisting of system decontamination to remove moisture, oils and other contaminants and (iii) reclamation of refrigerants. The Company's products and services are centered around refrigerants of all types, including, without limitation, Chlorofluorocarbons (CFC's), Hydrochlorofluorocarbons (HCFC's), Hydrofluorocarbons (HFC's), and Anhydrous Ammonia. A listing of materials currently designated as "refrigerants" are set forth in Tables I and II of ASHRAE Standard 34. Most refrigerants handled, processed or sold by the Borrower are classified as hazardous materials and some are classified as hazardous substances.

(ii) All of the Borrower's facilities, except for the Pearl River, New York and Fremont, New Hampshire facilities, are used for the transportation. Storage and handling of various refrigerants at the facilities, including Chlorofluorocarbons (CFC's), Hydrochlorofluorocarbons (HCFC's), Hydrofluorocarbons (HFC's). Most refrigerants handled, processed or sold by the Borrower are classified as hazardous materials and some are classified as hazardous substances. Additionally, the Borrower's facility located at Champaign, Illinois is classified as a small waste generator and generates and stores small amounts of hazardous waste representing, primarily, spent laboratory chemicals used in the Borrower's refrigerant testing laboratories. The Borrower's refrigerant reclamation activities are performed out of its Champaign, Illinois facility. The Borrower also operates the following activities out of the Champaign, Illinois facility, all of which are related to, and/or ancillary to, its refrigerant reclamation and refrigerant sales business: a refrigerant testing laboratory, a USDOT hydrostatic testing facility for the recertification of refrigerant containers of various sizes, and a refrigerant separation facility for the separation of cross-contaminated (mixed) refrigerants. Each of these operations utilize materials that are classified as hazardous materials and/or hazardous substances.

(c) (i) On April 1, 1999, the Company reported a release at the Company's former facility located at Hillburn, New York facility (the "Hillburn Facility"), of approximately 7,800 lbs. of R-11 refrigerant (the "1999 Release"), as a result of a failed hose connection to one of the Company's outdoor storage tanks allowing liquid R-11 to discharge from the tank into the concrete secondary containment area in which the subject tank was located.

Between April 1999 and May 1999, with the approval of the New York State Department of Environmental Conservation ("DEC"), the Company constructed and put into operation a remediation system at the Company's Hillburn facility to remove R-11 levels in the groundwater under and around the Company's facility.

In September 2000, the Company signed an Order on Consent with the DEC, which was amended in May 2001, whereby the Company agreed to operate the remediation system and perform monthly testing at its Hillburn facility, until remaining groundwater contamination has been effectively abated. In July 2005, the DEC approved a modification of the Order on Consent to reduce the frequency of testing from monthly to quarterly. The Company is continuing to operate the remediation system pursuant to the approved modifications to that Order on Consent and, as of December 31, 2006, the Company has accrued, as an expense in its consolidated financial statements, the costs that the Company believes it will incur in connection with its compliance with the Order on Consent through December 31, 2009. There can be no assurance that additional testing will not be required or that the Company will not incur additional costs and as such, costs in excess of the Company's estimate may have a material adverse effect on the Company financial condition or results of operations.

In May 2000, the Company's Hillburn facility was nominated by the EPA for listing on the National Priorities List ("NPL"), pursuant to CERCLA. The Company submitted opposition to the listing within the sixty-day comment period. In September 2003, the EPA advised the Company that it has no current plans to finalize the process for listing the Hillburn facility on the NPL and that the EPA will not withdraw the proposal of the Hillburn facility on the NPL.

In October 2001, the Company learned that trace levels of R-11 were detected in one of the wells operated by United Water of New York, Inc. ("United") that is in the closest proximity to the Village of Suffern's ("Village") well system. No contamination of R-11 has ever been detected in any of the Village's wells and, since October 2002, the level of R-11 in the United well closest to the Village has been below 1 ppb. In September 2004, the Village advised that it intends to continue performing additional sampling of its wells at a cost of approximately \$5,000 per year, and has requested that the Company reimburse the Village for the costs for such sampling. In November 2005, the Village requested reimbursement from the Company of approximately \$3,200 for sampling costs through September 2005.

(ii) On July 15, 2004, the Borrower reported the release at its Champaign, Illinois facility of approximately 12,000 lbs. of Refrigerant 500 ("R500") which occurred on July 15, 2004 as a result of a failed hose and fitting. The release was made to the atmosphere with no involvement with land or water. No remedial or cleanup efforts were required.

(iii) Normal operation of the Borrower's equipment results in de minimis releases of refrigerants. EPA regulations permit a loss of up to 1.5% of refrigerant processed during reclamation procedures.

(d) The Borrower has above ground bulk storage tanks used for the storage of refrigerant at the Champaign, Illinois facility. Additionally, the Company stores refrigerants at each of its facilities in cylinders and tanks ranging in size from 30 lbs to 1,000 lbs.

(f) All of the Borrower's facilities, except for the Pearl River, New York and Fremont, New Hampshire facilities, have various refrigerants at the facilities, including Chlorofluorocarbons (CFC's), Hydrochlorofluorocarbons (HCFC's), Hydrofluorocarbons (HFC's). Most refrigerants handled, processed or sold by the Borrower are classified as hazardous materials and some are classified as hazardous substances.

Schedule 5.23

List of Bank and Securities Accounts

1. JP Morgan Chase Bank NA

	Balance per GL <u>As of 5/31/07</u>
<u>HUDSON TECNOLOGIES INC.</u>	
Insurance Account #6802090267	\$1,743.16
<u>HUDSON TECNOLOGIES COMPANY</u>	
Operating Account # 6800828269 (a)	\$3,147.73
Payroll Account # 6800828668	\$73,214.68
Co Pay Difference Account #6803703033	\$8,633.48
<u>HUDSON TECNOLOGIES HOLDINGS INC.</u>	
Account # 6800827378	\$42.00

2. Keltic Financial F/B/O Hudson Technologies Company #9429286268 \$443,577.83

3. M & T Bank - Hudson Technologies, Inc. 401k account - to date, this account has been non contributory by Hudson Technologies, Inc. /Hudson Technologies Company, and all sums on deposit in this account came from payroll deductions from employee participants, except that in December 2006, the Company made a matching contribution of 20% of each participant's contributions up to a maximum of \$600, in the total amount of \$25,788.52.

WARRANT REPURCHASE AGREEMENT

This Warrant Repurchase Agreement (this "Agreement") is entered into as of March 4, 2011 by and between **HUDSON TECHNOLOGIES, INC.**, a New York corporation (the "Company"), and **SONAR PARTNERS FUND, LP** ("Seller").

RECITALS

WHEREAS, Seller owns a warrant issued on July 7, 2010 (the "Warrant") issued by the Company pursuant to a subscription agreement dated as of June 30, 2010 entitling Seller to purchase up to 300,313 shares of the Company's common stock, \$.01 par value (the "Warrant Shares"); and

WHEREAS, on the terms and subject to the conditions of this Agreement, the Company desires to repurchase from Seller, and Seller desires to have repurchased by the Company, a portion of the Warrant representing the right to purchase an aggregate of 137,813 Warrant Shares (the "Assigned Warrant") for the consideration set forth below.

NOW, THEREFORE, the Company and Seller, intending to be legally bound, and for good and valuable consideration, the receipt of which is hereby acknowledged, hereby agree as follows:

1. Repurchase. At the Closing (as hereinafter defined), upon the terms and subject to the conditions of this Agreement, Seller will sell, transfer, convey, assign and deliver to the Company, and the Company will purchase, acquire and accept from Seller, the Assigned Warrant, free and clear of any and all Liens (as hereinafter defined). Seller acknowledges and agrees that, at the Closing, the Assigned Warrant shall be cancelled immediately (and, for the avoidance of doubt, Seller shall have no further rights under and shall not be able to exercise the Assigned Warrant, which shall be deemed cancelled).

2. Closing. The closing of the repurchase of the Warrant under this Agreement (the "Closing") shall take place simultaneously with the signing of this Agreement at the offices of Blank Rome LLP, 405 Lexington Avenue, New York, NY or at such other location as the parties agree. At the Closing, (i) the Company shall pay to Seller for the Assigned Warrant, an amount equal to \$82,687.80 and (ii) Seller shall deliver to the Company for cancellation the original certificate representing the Assigned Warrant being purchased hereunder duly endorsed for transfer or accompanied by an appropriate transfer instrument, duly endorsed in blank, in the form of Annex A. Upon surrender of the Warrant certificate in accordance herewith, the Company shall execute and deliver a new Warrant of Seller, identical to the Warrant certificate being surrendered, evidencing the portion of the Warrant not assigned hereunder.

3. Representations, Warranties and Covenants of Seller. As of the date hereof, Seller represents and warrants to, and agrees with, the Company as follows:

(i) Seller is the sole record, legal and beneficial owner of the Warrant. The Warrant has not been exercised, in whole or in part nor has the Seller transferred any of its rights under the Warrant (other than pursuant hereto). To the seller's knowledge, except as set forth herein, there are no (a) securities convertible into or exchangeable for the Warrant (other than pursuant to the exercise of the Warrant itself) or any of the Warrant Shares; (b) options, warrants or other rights to purchase or subscribe for the Warrant or any of the Warrant Shares; or (c) contracts, commitments, agreements, understandings or arrangements of any kind (contingent or otherwise) relating to the issuance, sale or transfer of the Warrant or any of the Warrant Shares.

(ii) Seller has, and the Company will receive, good and marketable title to the Assigned Warrant, free and clear of any and all liens, security interests, mortgages, rights of first refusal, agreements, limitation on voting rights, restrictions, levies, claims, pledges, equities, options, contracts assessments, conditional sale agreements, charges and other encumbrances or interests of any nature whatsoever, including, without limitation, voting trusts or agreements or proxies (collectively, "Liens") excluding any Liens created by the Company.

(iii) Seller has the absolute and unrestricted right, power, capacity (legal or otherwise) and authority to execute and deliver this Agreement and to perform its obligations hereunder. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly authorized by all necessary corporate or other action by Seller and no other corporate or other actions on the part of Seller are necessary to authorize, execute and deliver this Agreement or to consummate the transactions contemplated hereby. The execution, delivery and performance by Seller of this Agreement does not, and the consummation of the transactions contemplated hereby will not, (a) violate or conflict with any provision of Seller's certificate of incorporation, by-laws or any other organizational documents; (b) violate any provision of any laws of or by governmental or regulatory entity applicable to Seller or any of its properties or assets; or (c) violate, conflict with, result in a breach of or the loss of any benefit under, constitute (with due notice or lapse of time or both) a default under, result in the termination of or a right of termination or cancellation under, accelerate the performance required by or rights or obligations under, any of the terms, conditions or provisions of any contract, note, bond, lease, loan agreement, mortgage, security agreement, indenture, deed or trust, license, agreement or instrument to which Seller or any of its affiliates is a party or by which it or any of its affiliates is bound or to which any of its or its affiliates' properties, assets or business is subject. No consents, authorizations, waivers, filings, registrations or approvals are required in connection with the execution and delivery of this Agreement by Seller, or the performance by Seller of its obligations hereunder.

(iv) Seller has had the opportunity to (i) review the Company's latest Annual Report on Form 10-K ("Annual Report") and all periodic reports filed by the Company with the Securities and Exchange Commission since the date of the Annual Report (the "SEC Filings") and (ii) discuss the plans, operations and financial condition of the Company with its officers, and has received all information requested by Seller relating to the Company to enable Seller to evaluate its decision to sell the Warrant (collectively together with the SEC Filings, the "Provided Information") hereunder. It is understood and agreed that neither the Company nor Seller makes any representation or warranty to the other whatsoever with respect to the business, condition (financial or otherwise), properties, prospects, creditworthiness, status or affairs of the Company, or with respect to the value of the Assigned Warrant.

4. Miscellaneous. This Agreement shall be construed and interpreted in accordance with the internal laws of the State of New York without giving effect to the conflict of laws principles thereof. All agreements in this Agreement binding upon the Company or Seller shall bind and inure to the benefit of the successors and assigns of the Company and Seller, respectively, whether so expressed or not. This Agreement may be executed in two or more counterparts, which when so executed shall constitute one and the same agreement. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof. This Agreement may not be changed, waived, discharged, or terminated orally but, rather, only by a statement in writing signed by the party or parties against which enforcement or the change, waiver, discharge or termination is sought.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date hereof.

HUDSON TECHNOLOGIES, INC.

By: /s/ Kevin J. Zugibe
Name: Kevin J. Zugibe
Title: Chairman, Chief Executive Officer

SONAR PARTNERS FUND, LP

By: /s/ Neil Druker
Name: Neil Druker
Title: Managing Member of its General Partner

Anne
A

Form of Endorsement

For value received, the undersigned hereby sells, assigns, and transfers unto the person named below under the heading "Transferee" the right contained in the attached Warrant to purchase the number of shares of common stock of HUDSON TECHNOLOGIES, INC. specified under the heading "Number Transferred" opposite the name(s) of such person and appoints each such person Attorney to transfer its right on the books of HUDSON TECHNOLOGIES, INC. with full power of substitution in the premises.

Transferee

Number Transferred

HUDSON TECHNOLOGIES, INC.:

137,813

Dated: March 4, 2011

SONAR PARTNERS FUND, LP

By: _____

Name: Neil Druker

Title: Managing Member of its General Partner
(Signature must conform to name of holder as specified on the face of the Warrant)

Accepted and Agreed:

HUDSON TECHNOLOGIES, INC.

(Transferee)

By: _____

Name:

Title:

WARRANT REPURCHASE AGREEMENT

This Warrant Repurchase Agreement (this "Agreement") is entered into as of March 4, 2011 by and between **HUDSON TECHNOLOGIES, INC.**, a New York corporation (the "Company"), and **SONAR OVERSEAS FUND, LTD** ("Seller").

RECITALS

WHEREAS, Seller owns a warrant issued on July 7, 2010 (the "Warrant") issued by the Company pursuant to a subscription agreement dated as of June 30, 2010 entitling Seller to purchase up to 12,187 shares of the Company's common stock, \$.01 par value (the "Warrant Shares"); and

WHEREAS, on the terms and subject to the conditions of this Agreement, the Company desires to repurchase from Seller, and Seller desires to have repurchased by the Company, a portion of the Warrant representing the right to purchase an aggregate of 12,187 Warrant Shares (the "Assigned Warrant") for the consideration set forth below.

NOW, THEREFORE, the Company and Seller, intending to be legally bound, and for good and valuable consideration, the receipt of which is hereby acknowledged, hereby agree as follows:

1. Repurchase. At the Closing (as hereinafter defined), upon the terms and subject to the conditions of this Agreement, Seller will sell, transfer, convey, assign and deliver to the Company, and the Company will purchase, acquire and accept from Seller, the Assigned Warrant, free and clear of any and all Liens (as hereinafter defined). Seller acknowledges and agrees that, at the Closing, the Assigned Warrant shall be cancelled immediately (and, for the avoidance of doubt, Seller shall have no further rights under and shall not be able to exercise the Assigned Warrant, which shall be deemed cancelled).

2. Closing. The closing of the repurchase of the Warrant under this Agreement (the "Closing") shall take place simultaneously with the signing of this Agreement at the offices of Blank Rome LLP, 405 Lexington Avenue, New York, NY or at such other location as the parties agree. At the Closing, (i) the Company shall pay to Seller for the Assigned Warrant, an amount equal to \$7,312.20 and (ii) Seller shall deliver to the Company for cancellation the original certificate representing the Assigned Warrant being purchased hereunder duly endorsed for transfer or accompanied by an appropriate transfer instrument, duly endorsed in blank, in the form of Annex A.

3. Representations, Warranties and Covenants of Seller. As of the date hereof, Seller represents and warrants to, and agrees with, the Company as follows:

(i) Seller is the sole record, legal and beneficial owner of the Warrant. The Warrant has not been exercised, in whole or in part nor has the Seller transferred any of its rights under the Warrant (other than pursuant hereto). To the Seller's knowledge, except as set forth herein, there are no (a) securities convertible into or exchangeable for the Warrant (other than pursuant to the exercise of the Warrant itself) or any of the Warrant Shares; (b) options, warrants or other rights to purchase or subscribe for the Warrant or any of the Warrant Shares; or (c) contracts, commitments, agreements, understandings or arrangements of any kind (contingent or otherwise) relating to the issuance, sale or transfer of the Warrant or any of the Warrant Shares.

(ii) Seller has, and the Company will receive, good and marketable title to the Assigned Warrant, free and clear of any and all liens, security interests, mortgages, rights of first refusal, agreements, limitation on voting rights, restrictions, levies, claims, pledges, equities, options, contracts assessments, conditional sale agreements, charges and other encumbrances or interests of any nature whatsoever, including, without limitation, voting trusts or agreements or proxies (collectively, "Liens") excluding any Liens created by the Company.

(iii) Seller has the absolute and unrestricted right, power, capacity (legal or otherwise) and authority to execute and deliver this Agreement and to perform its obligations hereunder. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly authorized by all necessary corporate or other action by Seller and no other corporate or other actions on the part of Seller are necessary to authorize, execute and deliver this Agreement or to consummate the transactions contemplated hereby. The execution, delivery and performance of this Agreement does not, and the consummation by Seller of the transactions contemplated hereby will not, (a) violate or conflict with any provision of Seller's certificate of incorporation, by-laws or any other organizational documents; (b) violate any provision of any laws of or by governmental or regulatory entity applicable to Seller or any of its properties or assets; or (c) violate, conflict with, result in a breach of or the loss of any benefit under, constitute (with due notice or lapse of time or both) a default under, result in the termination of or a right of termination or cancellation under, accelerate the performance required by or rights or obligations under, any of the terms, conditions or provisions of any contract, note, bond, lease, loan agreement, mortgage, security agreement, indenture, deed or trust, license, agreement or instrument to which Seller or any of its affiliates is a party or by which it or any of its affiliates is bound or to which any of its or its affiliates' properties, assets or business is subject. No consents, authorizations, waivers, filings, registrations or approvals are required in connection with the execution and delivery of this Agreement by Seller, or the performance by Seller of its obligations hereunder.

(iv) Seller has had the opportunity to (i) review the Company's latest Annual Report on Form 10-K ("Annual Report") and all periodic reports filed by the Company with the Securities and Exchange Commission since the date of the Annual Report (the "SEC Filings") and (ii) discuss the plans, operations and financial condition of the Company with its officers, and has received all information requested by Seller relating to the Company to enable Seller to evaluate its decision to sell the Warrant (collectively together with the SEC Filings, the "Provided Information") hereunder. It is understood and agreed that neither the Company nor Seller makes any representation or warranty to the other whatsoever with respect to the business, condition (financial or otherwise), properties, prospects, creditworthiness, status or affairs of the Company, or with respect to the value of the Assigned Warrant.

4. Miscellaneous. This Agreement shall be construed and interpreted in accordance with the internal laws of the State of New York without giving effect to the conflict of laws principles thereof. All agreements in this Agreement binding upon the Company or Seller shall bind and

inure to the benefit of the successors and assigns of the Company and Seller, respectively, whether so expressed or not. This Agreement may be executed in two or more counterparts, which when so executed shall constitute one and the same agreement. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof. This Agreement may not be changed, waived, discharged, or terminated orally but, rather, only by a statement in writing signed by the party or parties against which enforcement or the change, waiver, discharge or termination is sought.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date hereof.

HUDSON TECHNOLOGIES, INC.

By: /s/ Kevin J. Zugibe
Name: Kevin J. Zugibe
Title: Chairman, Chief Executive Officer

SONAR OVERSEAS FUND, LTD

By: /s/ Neil Druker
Name: Neil Druker
Title: Managing Member of Sonar Capital Management, LLC, the Investment Manager for the Fund

Anne
A

Form of Endorsement

For value received, the undersigned hereby sells, assigns, and transfers unto the person named below under the heading "Transferee" the right contained in the attached Warrant to purchase the number of shares of common stock of HUDSON TECHNOLOGIES, INC. specified under the heading "Number Transferred" opposite the name(s) of such person and appoints each such person Attorney to transfer its right on the books of HUDSON TECHNOLOGIES, INC. with full power of substitution in the premises.

Transferee

Number Transferred

HUDSON TECHNOLOGIES, INC.:

12,187

Dated: March 4, 2011

SONAR OVERSEAS FUND, LTD

By: _____

Name: Neil Druker

Title: Managing Member of Sonar Capital Management, LLC, the Investment Manager for the Fund

(Signature must conform to name of holder as specified on the face of the Warrant)

Accepted and Agreed:

HUDSON TECHNOLOGIES, INC.

(Transferee)

By: _____

Name:

Title:

AGREEMENT AND CONSENT

This Agreement and Consent dated as of March 7, 2011 is being entered into by and between Hudson Technologies, Inc. (the "Company") and the holders of at least 66 2/3% of the outstanding warrants (the "Warrants") issued by the Company pursuant to subscription agreements dated as of June 30, 2010 (the "Holders").

WHEREAS, the Holders are the record holder of Warrants to purchase the number of shares of common stock (the "Common Stock") of the Company as set forth on the signature page hereto;

NOW THEREFORE, for good and valuable consideration received, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows (defined terms used herein and not otherwise defined herein shall have the meanings ascribed to such terms as set forth in the Warrants):

1. Section 1(B) of the Warrants shall be deleted in its entirety and replaced with the following:

"Exercise Period" shall mean the period commencing six (6) months after the date hereof and ending 5:00 p.m. New York City time on July 7, 2016, unless sooner terminated as provided below.

2. The following language in Section 2.1 of the Warrants is deleted in its entirety:

"If during the Exercise Period, the Holder is not permitted to sell Exercise Shares pursuant to the Registration Statement (as defined in the Subscription Agreement) or pursuant to another registration statement that has been declared effective under Securities Act of 1933, as amended, and the fair market value of one share of the Common Stock is greater than the Exercise Price (at the date of calculation as set forth below), in lieu of exercising this Warrant by payment of cash or by check, the Holder may elect to receive shares equal to the value (as determined below) of this Warrant (or the portion thereof being canceled) by surrender of this Warrant at the principal office of the Company together with the properly endorsed Notice of Exercise in which event the Company shall issue to the Holder a number of shares of Common Stock computed using the following formula:"

and is replaced with the following language:

"If at the time of exercise hereof there is no effective registration statement registering, or the prospectus contained therein is not available for, the issuance of the Exercise Shares to the Holder, then this Warrant may only be exercised, in whole or in part, at such time by means of a "cashless exercise" in which the Holder shall be entitled to receive a certificate for the number of Exercise Shares equal to the quotient obtained by using the following formula:"

3. Except as specifically provided in this Agreement and Consent, all other terms and provisions of the Warrants remain unchanged and in full force and effect.

4. This Agreement and Consent may be executed in counterparts and the signature may be delivered by facsimile transmission or by email delivery of a ".pdf" format data file, and such signature shall have the same effect as if it were an original thereof. This Agreement and Consent shall become effective upon execution by the Company and holders of Warrants to purchase at least 66 2/3% of the number of shares of Common Stock then subject to outstanding Warrants.

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement and Consent.

HUDSON TECHNOLOGIES, INC.

By: _____

Name: Kevin J. Zugibe

Title: Chairman, Chief Executive Officer

HOLDERS:

By: _____

Name:

Title:

Warrants Exercisable to Purchase _____ Shares

Exhibit 21:

Subsidiaries of the Registrant

Hudson Technologies Company d/b/a Hudson Technologies of Tennessee incorporated in the State of Tennessee

Hudson Holdings, Inc. incorporated in the State of Nevada

Exhibit 23.1:

Consent of Independent Registered Public Accounting Firm

Hudson Technologies, Inc.

Pearl River, New York

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (No. 333-17133, No. 333-38598, No. 333-129057 and No. 333-164650) and Form S-3 (No. 333-151973) of Hudson Technologies, Inc. of our report dated March 7, 2011 relating to the consolidated financial statements, which appears in this Form 10-K.

/s/ BDO USA, LLP

Valhalla New York

March 7, 2011

Exhibit 31.1:

Hudson Technologies, Inc. Certification of Principal Executive Officer

I, Kevin J. Zugibe, certify that:

1. I have reviewed this annual report on Form 10-K of Hudson Technologies, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 7, 2011

/s/ Kevin J. Zugibe

Kevin J. Zugibe

Chief Executive Officer
and

Chairman of the Board

Exhibit 31.2:

Hudson Technologies, Inc. Certification of Principal Financial Officer

I, James R. Buscemi, certify that:

1. I have reviewed this annual report on Form 10-K of Hudson Technologies, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e)) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 7, 2011

/s/ James R. Buscemi

James R. Buscemi

Chief Financial Officer

Exhibit 32.1:

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Hudson Technologies, Inc. (the "Company") on Form 10-K for the period ended December 31, 2010 as filed with the Securities and Exchange Commission on the date hereof (the "Report"),

I, Kevin J. Zugibe, as Chief Executive Officer and Chairman of the Board of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Kevin J. Zugibe
Kevin J. Zugibe
Chief Executive Officer and
Chairman of the Board

March 7, 2011

Exhibit 32.2

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Hudson Technologies, Inc. (the "Company") on Form 10-K for the period ended December 31, 2010 as filed with the Securities and Exchange Commission on the date hereof (the "Report"),

I, James R. Buscemi, as Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

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/s/ James R. Buscemi
James R. Buscemi
Chief Financial Officer

March 7, 2011