

**Report of Organizational Actions
Affecting Basis of Securities**

▶ See separate instructions.

Part I Reporting Issuer			
1 Issuer's name PMFG, INC.		2 Issuer's employer identification number (EIN) 51-0661574	
3 Name of contact for additional information PAUL M. GOHR	4 Telephone No. of contact 513-458-2600	5 Email address of contact PGOHR@CECOENVIRO.COM	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact 4625 RED BANK ROAD, SUITE 200		7 City, town, or post office, state, and Zip code of contact CINCINNATI, OH 45227	
8 Date of action 9/3/2015		9 Classification and description STOCK	
10 CUSIP number 69345P103	11 Serial number(s)	12 Ticker symbol PMFG	13 Account number(s)

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ SEE ATTACHED

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ SEE ATTACHED

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ SEE ATTACHED

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶
354, 358, 356, 368(a), 1001, 1221

18 Can any resulting loss be recognized? ▶ SEE ATTACHED

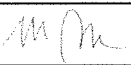
19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ SEE ATTACHED

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature ▶  Date ▶ 10/14/15

Print your name ▶ Edward J. Prajzner Title ▶ CFO

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	MEGHAN JODZ		10/14/2015		P00446911
	Firm's name ▶ GRANT THORNTON LLP	Firm's address ▶ 2001 MARKET STREET, SUITE 700, PHILADELPHIA, PA 19103		Firm's EIN ▶	36-6055558
				Phone no. 215-561-4200	

CONSULT YOUR TAX ADVISOR

The information contained in this notice represents our general understanding of the application of certain existing U.S. federal income tax laws and regulations relating to the organizational action. It does not constitute tax advice and does not purport to be complete or to describe the consequences that may apply to particular categories of PMFG stockholders, such as stockholders who acquired PMFG common stock as compensation or stockholders subject to special treatment under the Internal Revenue Code or other applicable laws. You are urged to consult your own tax advisor regarding the particular consequences of the organizational action to you, including the applicability and effect of all U.S. federal, state and local and territorial and other foreign tax laws.

Part II- Question 14- Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action:

On September 3, 2015, CECO Environmental Corp. ("Company") completed its acquisition of PMFG, Inc., a Delaware corporation ("PMFG"). Pursuant to an Agreement and Plan of Merger, dated as of May 3, 2015 (the "Merger Agreement"), among the Company, Top Gear Acquisition Inc., a Delaware corporation and a direct wholly owned subsidiary of the Company ("Merger Sub I"), Top Gear Acquisition II LLC, a Delaware limited liability company and a direct wholly owned subsidiary of the Company ("Merger Sub II") and PMFG, Merger Sub I merged with an into PMFG (the "First Merger"), with PMFG as the surviving corporation, and subsequently, also on September 3, 2015, the surviving corporation of the First Merger merged with an into Merger Sub II (the "Second Merger" and, together with the First Merger, the "Mergers"), with Merger Sub II surviving as a wholly owned subsidiary of the Company under the name "PMFG Acquisition LLC."

In the First Merger, PMFG's shareholders had the option to elect to exchange each share of PMFG common stock for either (i) \$6.85 in cash, without interest (the "Cash Consideration"), or (ii) shares of the Company's common stock valued at \$6.85 (the "Stock Consideration"), based on the volume weighted average trading price of the Company's common stock for the 15-trading day period ending on September 2, 2015, the last trading day before the closing of the First Merger (the "Company Trading Price"), subject to a collar so that there was a maximum exchange ratio of 0.6456 shares of Company common stock for each share of PMFG common stock and a minimum exchange ratio of 0.5282 shares of Company common stock for each share of PMFG common stock. Overall elections were subject to proration so that in the aggregate approximately 45% of the PMFG shares were exchanged for cash and 55% for shares of Company common stock.

Part II, Question 15- Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis:

At the effective time of the First Merger (the "Effective Time"), which is 4:01pm, Eastern Time, on September 3, 2015, approximately 44.5% of the shares of PMFG common stock converted into the right to receive the \$6.85 per share Cash Consideration, for an approximate total of \$64.6 million in aggregate Cash Consideration. The Company Trading Price was \$9.6655. As a result and taking into account the effect of the collar described above, each of the remaining shares of PMFG common stock converted into the right to receive 0.6456 shares of Company common stock, or an approximate total of 7,602,332 shares of Company common stock in aggregate Stock Consideration. Following the issuance of

these additional shares, there were approximately 33,962,296 shares of Company common stock issued and outstanding.

In accordance with the proration and reallocation provisions of the Merger Agreement, because the \$6.85 per share Cash Consideration was oversubscribed by PMFG shareholders prior to the election deadline on September 1, 2015 at 5:00 p.m. Eastern time (the "Election Deadline"), (a) each PMFG share for which a valid stock election was made or for which no valid cash or stock election was made prior to the Election Deadline was automatically cancelled and converted into the right to receive the Stock Consideration and (b) each PMFG shareholder of record that made a valid cash election prior to the Election Deadline will receive (i) the Cash Consideration for approximately 59.45845% of such holder's PMFG shares for which a valid cash election was made and (ii) the Stock Consideration for approximately 40.54155% of such holder's PMFG Shares for which a valid cash election was made.

Exchange of PMFG common stock solely for shares of CECO common stock

Except as discussed below in "*Cash in Lieu of Fractional Shares of CECO Common Stock*," a U.S. holder who exchanges all of its shares of PMFG common stock solely for shares of CECO common stock pursuant to the First Merger will not recognize gain or loss in connection with such exchange.

The U.S. holder's aggregate tax basis in the CECO common stock received in the First Merger in exchange for its PMFG common stock, including any fractional shares deemed received by the U.S. holder as discussed below in "*Cash in Lieu of Fractional Shares of CECO Common Stock*," generally will equal such U.S. holder's aggregate tax basis in the PMFG common stock surrendered by the U.S. holder in the First Merger. The holding period for the shares of CECO common stock received by the U.S. holder in the First Merger in exchange for its PMFG common stock, including any fractional shares deemed received by the U.S. holder as discussed below in "*Cash in Lieu of Fractional Shares of CECO Common Stock*," generally will include the holding period for the shares of PMFG common stock exchanged therefor.

Exchange of PMFG common stock solely for Cash

A U.S. holder who exchanges all its shares of PMFG common stock solely for the Cash Consideration generally will recognize capital gain or loss equal to the difference between the amount of cash received by such U.S. holder and the U.S. holder's adjusted tax basis in the PMFG common stock exchanged therefor. Therefore, in this case, the U.S. holder's tax basis in PMFG common stock is extinguished.

Exchange of PMFG common stock for a combination of cash and shares of CECO common stock

Except as discussed below, a U.S. holder who exchanges its shares of PMFG common stock for a combination of the Cash Consideration and Stock Consideration will recognize gain (but not loss) equal to the lesser of: (a) the amount of cash received by such U.S. holder in the First Merger (other than cash received in lieu of fractional shares of CECO common stock) and (b) the excess, if any, of the amount of cash plus the fair market value of any shares of CECO common stock received in the First Merger, over such U.S. holder's adjusted tax basis in the shares of PMFG common stock surrendered by such U.S. holder in the First Merger.

Generally, a U.S. holder's aggregate tax basis in the shares of CECO common stock received by such U.S. holder in the First Merger in exchange for its shares of PMFG common stock, including any fractional shares deemed received by the U.S. holder, as discussed below in "*Cash in Lieu of Fractional Shares of CECO Common Stock*," will equal such U.S. holder's aggregate tax basis in the shares of PMFG common stock surrendered in the First Merger, increased by the amount of taxable gain or dividend income, if any, recognized by such U.S. holder in the First Merger (other than with respect to cash received in lieu of fractional shares of CECO common stock), and decreased by the amount of cash, if any, received by such

U.S. holder in the First Merger (other than with respect to cash received in lieu of fractional shares of CECO common stock). The holding period for the shares of CECO common stock received in the First Merger, including any fractional shares deemed received by the U.S. holder as discussed below in “*Cash in Lieu of Fractional Shares of CECO Common Stock*,” generally will include the holding period for the shares of PMFG common stock exchanged therefor.

Cash in Lieu of Fractional Shares of CECO Common Stock

A U.S. holder who receives cash in lieu of fractional shares of CECO common stock will be treated as having received the fractional share of CECO common stock pursuant to the First Merger and then as having exchanged the fractional share of CECO common stock for cash in a redemption by CECO. In general, this deemed redemption will be treated as a sale or exchange and a U.S. holder will recognize gain or loss equal to the difference between (a) the amount of cash received by such U.S. holder and (b) the portion of the basis of the shares of PMFG common stock allocable to such fractional interest in CECO common stock. Such gain or loss generally will constitute capital gain or loss and will be long-term capital gain or loss if the U.S. holder’s holding period for the PMFG common stock exchanged by such U.S. holder is greater than one year at the Effective Time. Therefore, in this case, the U.S. holder’s tax basis in such portion of PMFG common stock is extinguished.

Part II, Question 16- Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of the securities and the valuation dates:

As discussed above, a U.S. holder’s aggregate tax basis in the shares of CECO common stock received in the First Merger is equal to the U.S. holder’s aggregate tax basis in the PMFG shares surrendered, plus the amount of taxable gain or dividend income recognized by such U.S. holder and decreased by the amount of cash received. However, the basis allocable to cash received in lieu of fractional shares is extinguished. The data that supports the calculation, such as the market values of the securities and the valuation dates, can be found above.

Part II, Question 18- Can any resulting loss be recognized?

Generally, no loss can be recognized pursuant to the Mergers, except in some cases related to the exchange of PMFG common stock solely for cash or cash received in lieu of fractional shares:

Exchange of PMFG common stock solely for Cash

A U.S. holder who exchanges all its shares of PMFG common stock solely for the Cash Consideration generally will recognize capital gain or loss equal to the difference between the amount of cash received by such U.S. holder and the U.S. holder’s adjusted tax basis in the PMFG common stock exchanged therefor. Therefore, in this case, the U.S. holder’s tax basis in PMFG common stock is extinguished.

Cash in Lieu of Fractional Shares of CECO Common Stock

A U.S. holder who receives cash in lieu of a fractional share of CECO common stock will be treated as having received the fractional share of CECO common stock pursuant to the First Merger and then as having exchanged the fractional share of CECO common stock for cash in a redemption by CECO. In general, this deemed redemption will be treated as a sale or exchange and a U.S. holder will recognize gain or loss equal to the difference between (a) the amount of cash received by such U.S. holder and (b) the portion of the basis of the shares of PMFG common stock allocable to such fractional interest in CECO common stock. Such gain or loss generally will constitute capital gain or loss and will be long-

term capital gain or loss if the U.S. holder's holding period for the PMFG common stock exchanged by such U.S. holder is greater than one year at the Effective time.

Part II, Question 19- Provide any other information necessary to implement the adjustment, such as the reportable tax year:

The Mergers occurred on September 3, 2015. Therefore any gain or loss recognized with respect to Mergers should be reported by PMFG Shareholders in the tax year which includes September 3, 2015 (e.g. calendar-year shareholders should report the transaction on his or her federal income tax return filed for the 2015 calendar year).

For additional information please refer to the full text of the Merger Agreement, which is included in the Company's Current Report, Form 8-K, filed with the Securities and Exchange Commission ("SEC") on May 4, 2015.

PMFG shareholders are urged to consult their own tax advisors with respect to their individual tax consequences of the Mergers. The information contained in this document does not constitute tax advice and is not intended or written to be used, and cannot be used, for the purposes of (i) avoiding penalties under the Internal Revenue Code of 1986, as amended, or (ii) promoting, marketing, or recommending any transaction or matter addressed herein.