



A Refrigerant Services Leader



January 2012

Safe Harbor Statement

Statements contained herein, which are not historical facts constitute 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 which 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 the Company's periodic reports filed with the Securities and Exchange Commission. 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.

Uniquely Positioned in Four Attractive Markets

	Market Size	Market Growth	Industry Growth Drivers	Hudson's Positioning
Reclamation	Intl: \$100+ Million US: ▼\$50 Million	- Minimal to Date - Potentially Exponential	- Federally Mandated Phase Outs of Refrigerants - 45% R-22 Reduction for 2012	Industry Leader with Proprietary Technology
Aftermarket Refrigerants	Worldwide: \$3 Billion US: \$1 Billion	Low Single Digits	- Demand for Cooling systems - Emerging Markets	Leading Provider of Aftermarket Refrigerants
Energy Optimization	Worldwide: \$20+ Billion*	13%*	- Trend Towards Energy Efficiency - Environmental Stewardship	Various Proprietary Steam and Refrigerant Optimization Solutions
Carbon Credits	Intl: \$100+ Billion** US: \$1 Billion**	20+%**	- Adopted in Europe - Anticipated Growth in U.S.	Unique Access to Ozone Depleting Gases with High Value in Carbon Market

AFTERMARKET REFRIGERANTS

Aftermarket Focused

- We do not sell to OEM's for new refrigeration systems
- Our refrigerant sales are for replacement gas in existing systems

Refrigerant Sales & Reclamation Market

**Total Domestic Refrigerant After Market Estimated At Approximately \$1 Billion
Currently 5-7% of aftermarket is served by reclaimed refrigerant**

Refrigerant Market

- R-22 gas estimated at more than 60% of domestic refrigeration supply
- Today, Honeywell, DuPont & Arkema control 87% of EPA R-22 allocations
- Next generation refrigerant requires system replacement

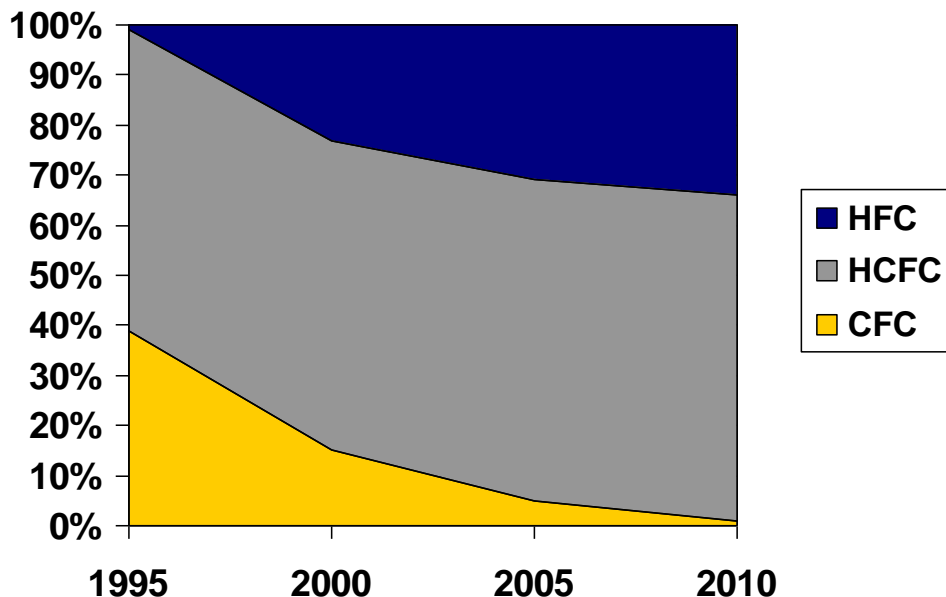
Legislation

- Federally mandated PHASE-OUT of R-22 production
- EPA is limiting virgin R-22 supply to 80% of estimated annual demand
 - Recent “No Action Assurance” letters to importers & producers of R-22 reduced the 2012 amount of R-22 that can be produced/imported by 45% compared to 2011 allowances
- No new entrants will be permitted
- Government support for continued phase outs of other refrigerants

Implications

- Phase-outs will create a supply-demand imbalance
- Pricing has increased as supply has been restricted
- Establishes market for carbon credits

Evolution Of The Refrigerant Aftermarket By Type



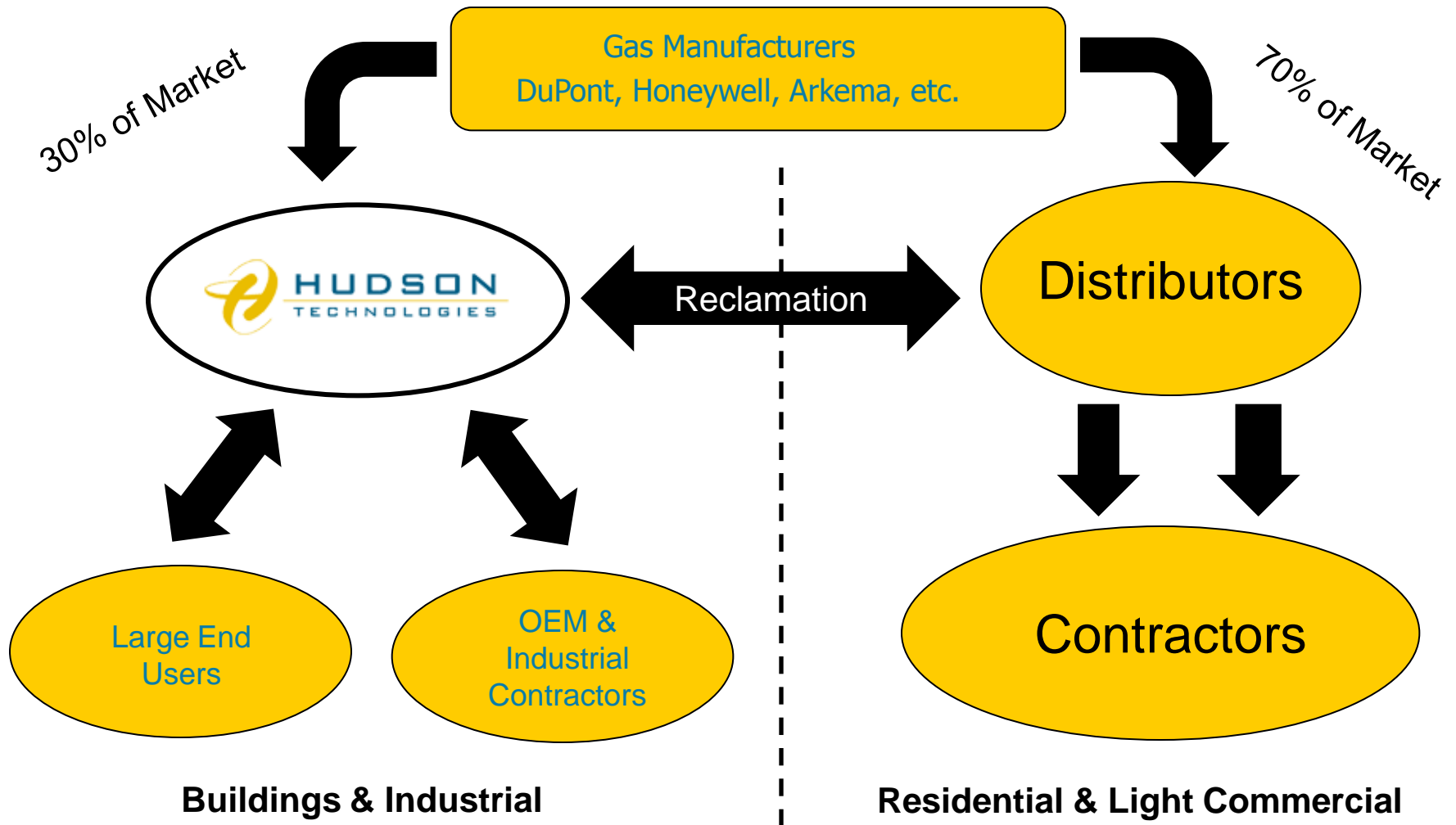
Hudson sells and reclaims all types of refrigerant

CFC: 100% reclaimed

HCFC: Limited reclaim due to oversupply. Reclaim expected to grow as phase out progresses

HFC: May become more widely reclaimed with future phase out

Aftermarket Distribution Network



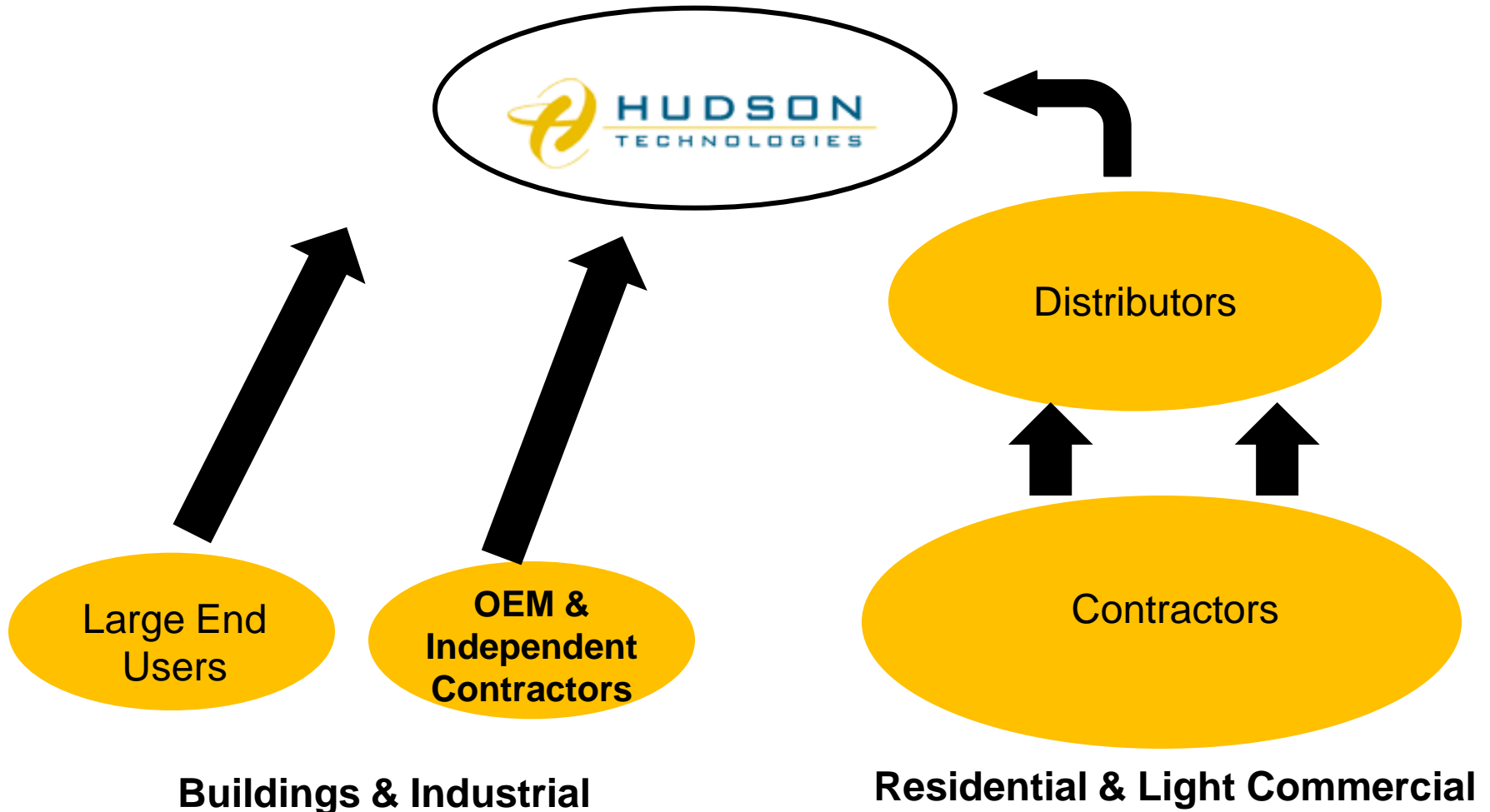
RECLAMATION

The Issue – Venting Dirty Gas

- Contaminants typically develop in refrigerant systems
 - Typical contaminants are oil, water, acids, etc.
- Today, it is illegal to vent refrigerant gases into the atmosphere
- The largest segment of the market (over 70%) is made up of residential contractors and light commercial customers
- Because of the historical low price per pound of “dirty” gas, it has been **PUNITIVE** to the contractor to bring back the “dirty” gas

With the price per pound increase, more “dirty” gas will make its way back to the reclaimer

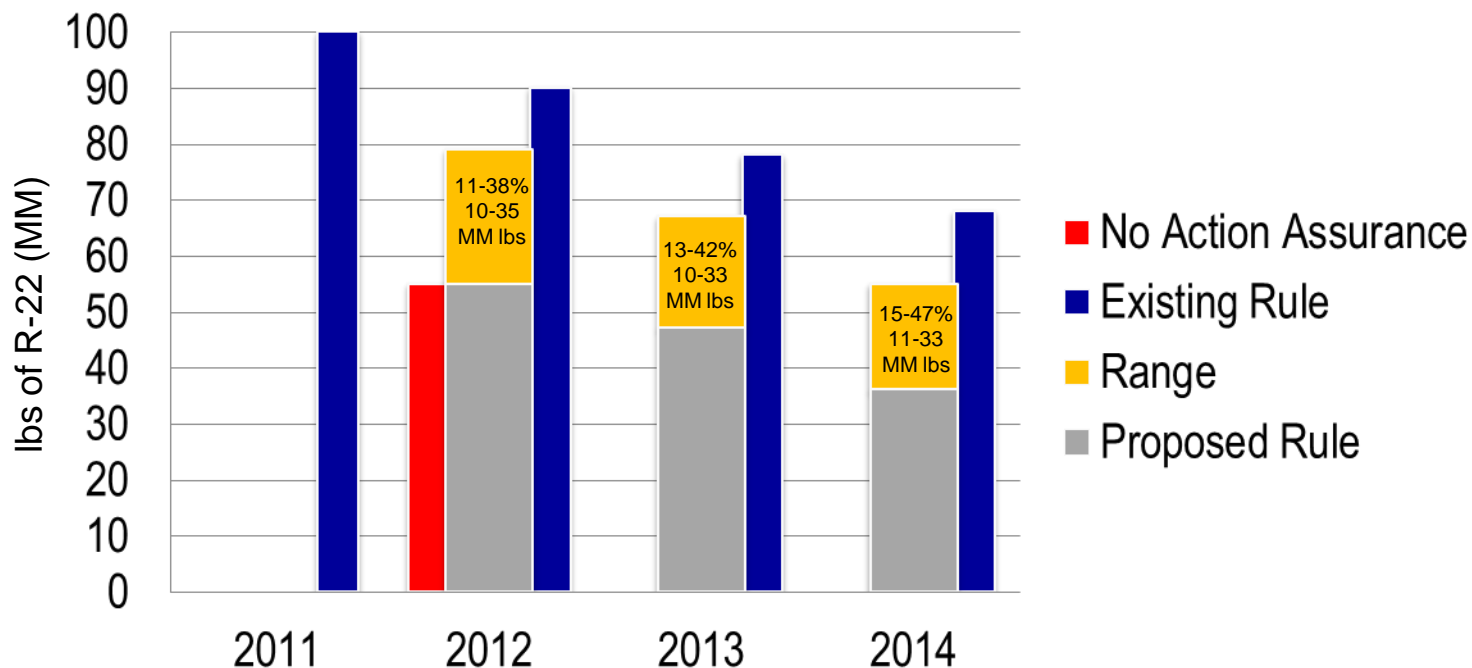
Leading Reclaimer In The U.S



As prices increase contractors and distributors have more incentive to sell back dirty gas.

EPA Creates Supply Gap

- “EPA seeks to avoid unnecessary disruptions in the marketplace and to promote a smooth transition for society.”
- EPA seeking a three-fold growth in reclamation
 - **Recent “No Action Assurance” letters to importers & producers of R-22 reduced the 2012 amount of R-22 that can be produced/imported by 45% compared to 2011 allowances**



EPA Gets a Second Chance

- **EPA evaluating existing allocations for 2013-2014**
 - **Issued proposed rule to further reduce allowances for production and consumption of R-22 in the range of 11% - 47% relative to 2009 Final Rule**
 - **New final rule expected to be issued later this year**
 - **Recent “No Action Assurance” letters to importers & producers of R-22 reduced the 2012 amount of R-22 that can be produced/imported by 45% compared to 2011 allowances**
 - **Emphasize smooth transition to 2015 step down; expecting 28% of the market to be served by reclaimed refrigerants**

EPA is proposing to allocate fewer HCFC-22 allowances “in order to promote recovery and reclamation and encourage the transition to non-ODS (Ozone Depleting Substances) alternatives.”

History Should Repeat Itself

CFC Phase-Out 1996

Price of Refrigerant: \$1  \$28

Europe R-22 Phase-Out 2010

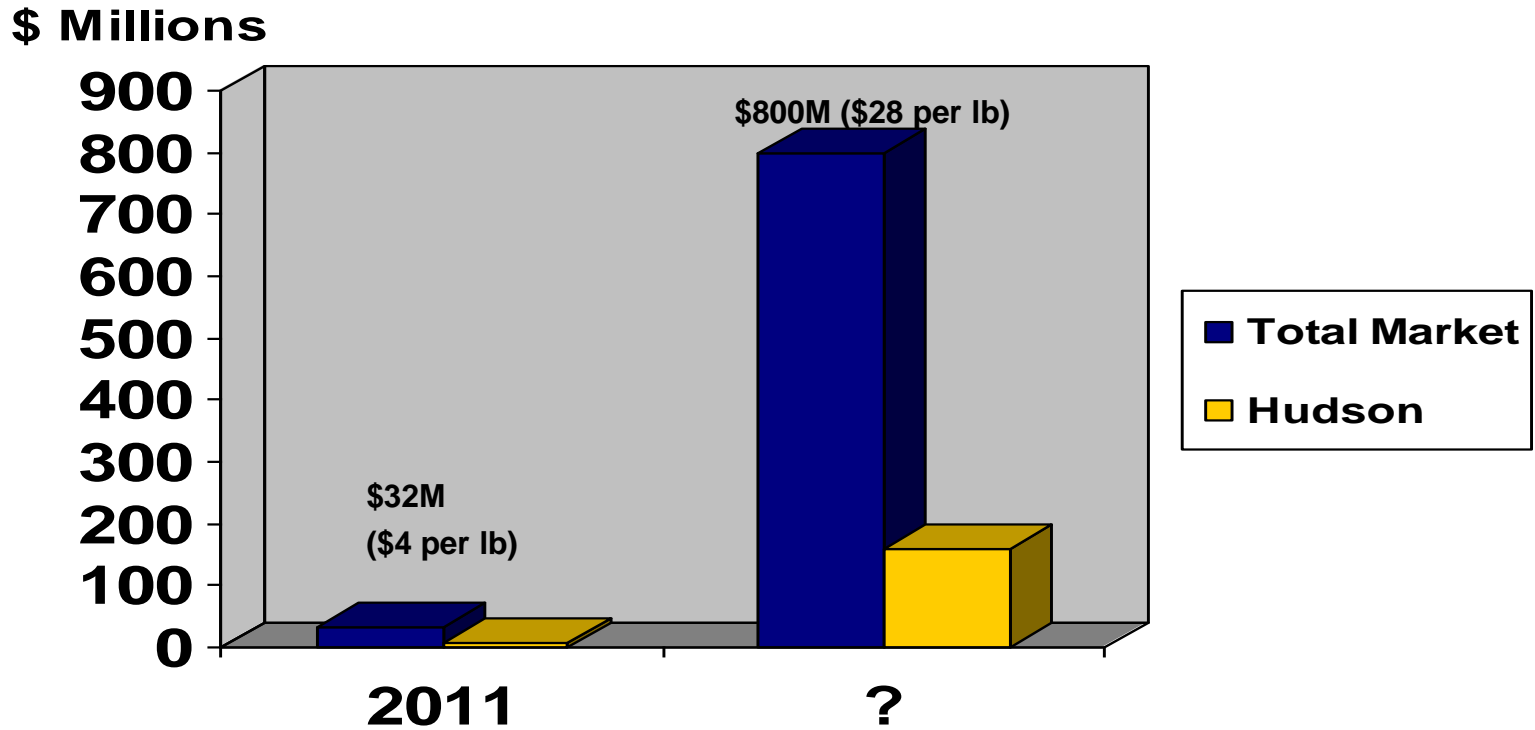
Price of Refrigerant: \$1  \$30

United States R-22 Phase-Out 2012

Price of Refrigerant: \$4  ?

Explosive Growth Potential for Reclamation

Price per pound could exponentially increase the market size



•Not reflected above is our anticipated growth in market share

Hudson is the largest reclaimer with approximately 20% market share



ENERGY EFFICIENCY

Energy Optimization

- Large and rapidly growing market
 - Hudson can leverage broad customer base
- A/C Systems are the first or second largest users of energy; Estimated annual energy costs of \$35 Billion
- Steam Energy Usage; Estimated annual energy costs of \$200 Billion

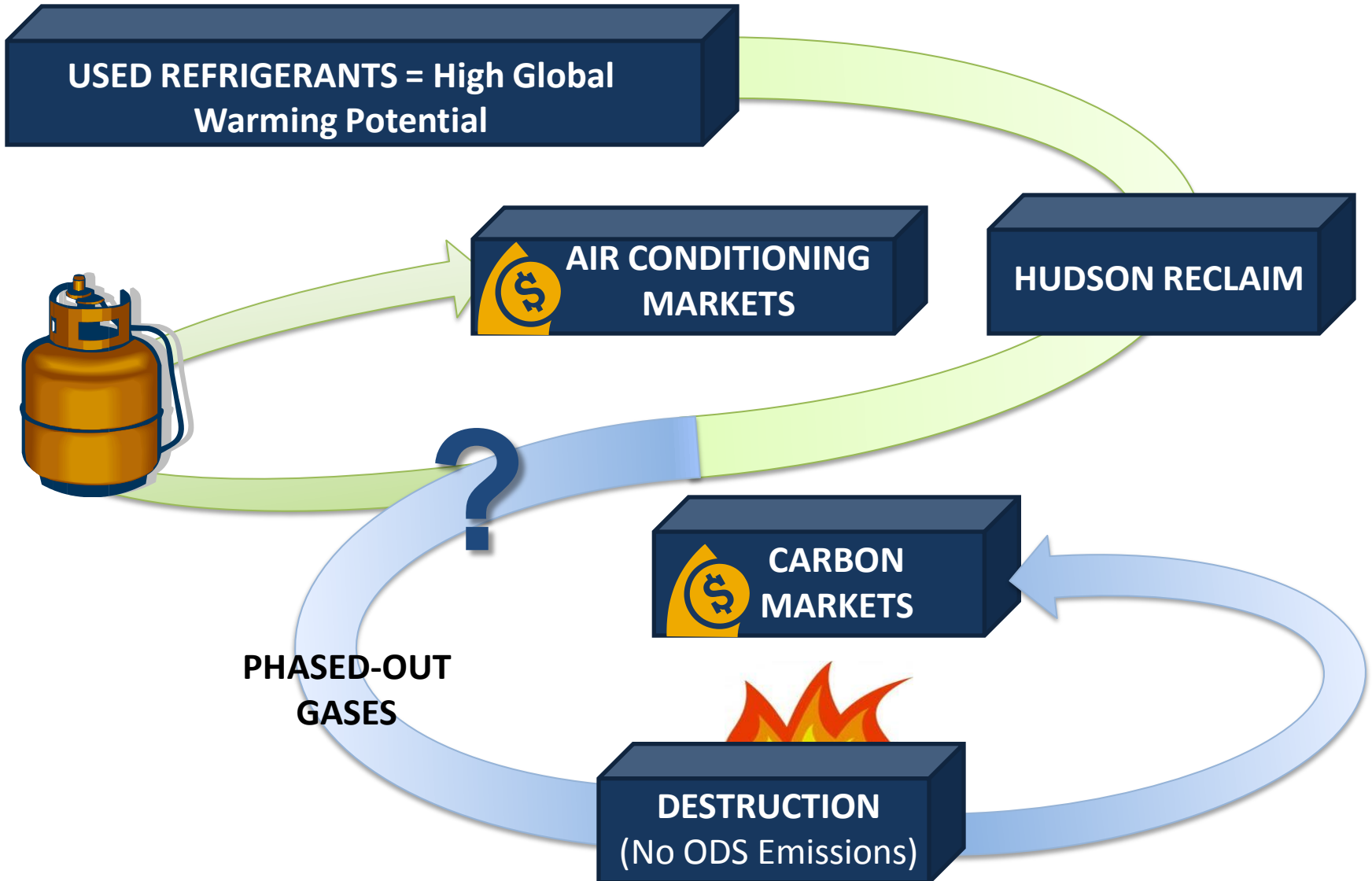
Customers are beginning to think proactively about energy efficiency

State of The Art Efficiency Optimization Technology

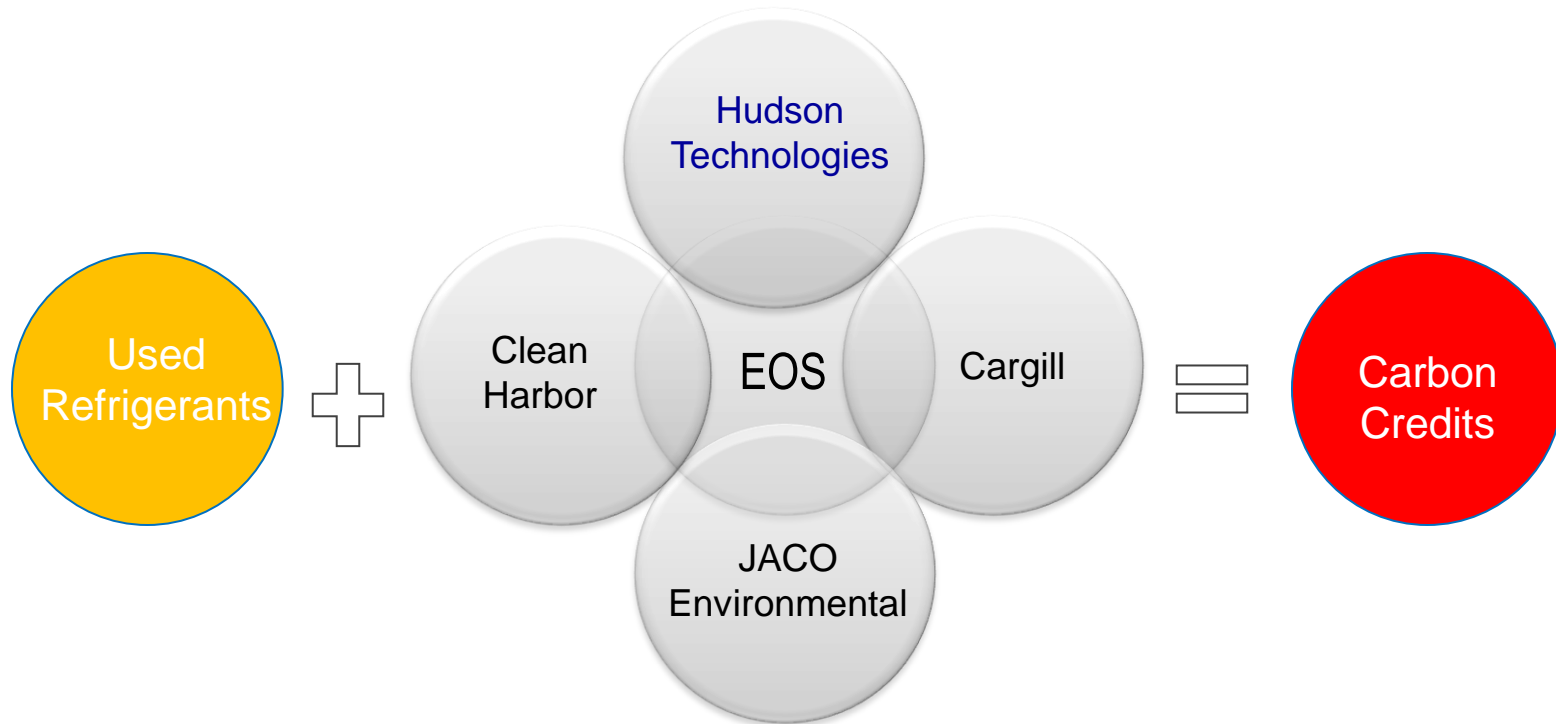
- Predictive/Diagnostic Services
 - Chiller Chemistry®
 - Fluid Chemistry®
 - ChillSmart®
- Performance Optimization System
 - 4 U.S. Patents
 - System for measuring, modifying, and improving the efficiency of energy systems
 - Designed to reduce overall CO₂ emissions
 - One of only two steam experts for DOE
- Technical Advisory Group (TAG) ISO 50001

CARBON CREDITS

Emerging Way For Hudson To Monetize Access To Phased-Out Gases



Partnership to Scale Carbon Credits

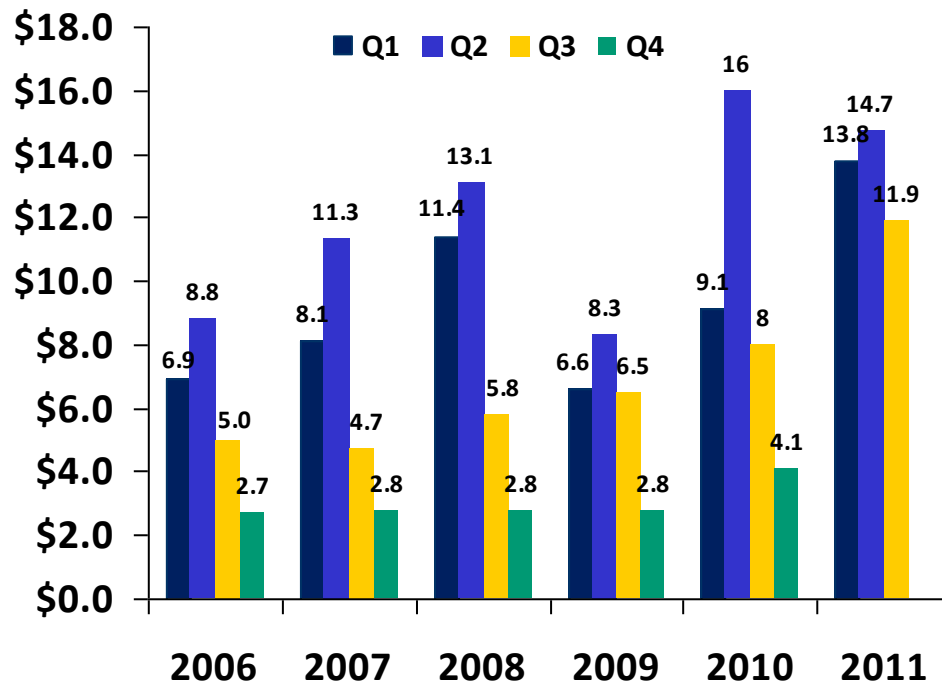


- Hudson partners with EOS and their partners to maximize carbon value of phased out refrigerants, representing 70% of all CRT's issued in 2011
- Partnership provides opportunities for environmental stewardship and gives worldwide access to emerging markets, enhancing Hudson's ability to gain market share

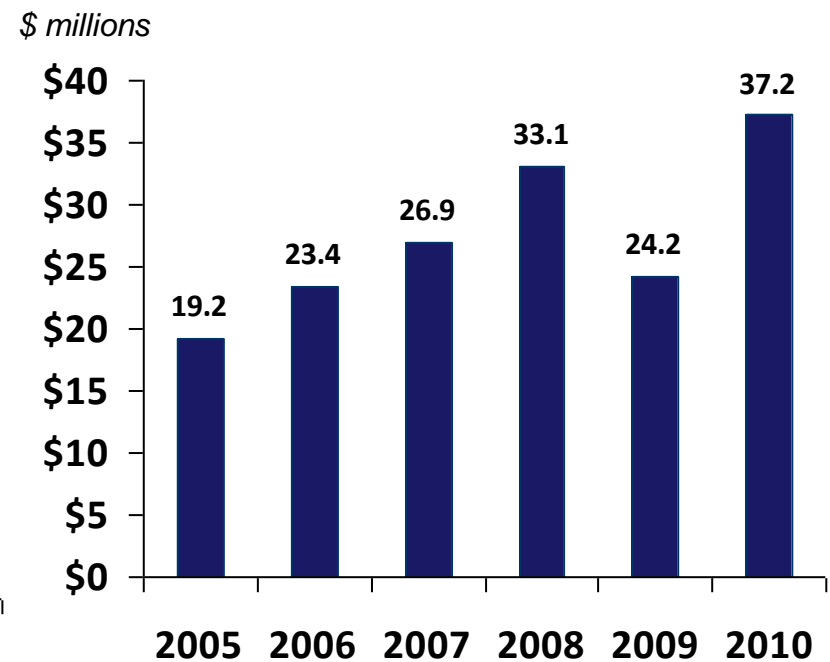
FINANCIAL REVIEW

Historical Revenue Growth

Quarterly Revenue



Annual Revenue



Double-digit revenue growth continuing in 2011

Income Statement Dynamics and Targets

- **Revenue**
 - Historical: 14% annual CAGR since 2005; high seasonality with stronger first half of the year
 - Target: Double digit annual growth
- **Gross Margins**
 - Historical: 20-30%
 - Target: 30% (longer term gross margin could be enhanced as higher margin reclaim and carbon credit business grows)
- **Operating Expenses**
 - Historical: 15-19% (relatively fixed)
 - Target: <15%
- **Operating Income**
 - Historical: 0-16%
 - Target: 16+%

As Revenue and Gross Profit Dollars Increase, Operating Margins Increase

Potential for Future Operational Leverage

- **Relatively fixed cost structure; investments in new personnel, facilities, sales & marketing will be negligible moving forward**
- **Distribution network established**
 - **Very little incremental cost to accommodate reclamation efforts**
 - **Same customers turning in gas**
- **Champaign, IL facility with excess capacity**
 - **Requires minimal maintenance**
 - **Can ramp quickly**
- **Existing credit facility helps support leverage for growth**
- **Annual cap ex from \$500,000 to \$700,000**

As Revenue and Gross Profit Dollars Increase, Operating Margins Increase

Hudson Technologies Europe

- Strategic joint venture bringing Hudson's products and services to Europe, the Middle East and North Africa
- Europe is ahead of US in environmental stewardship and provides significant opportunity for growth
- Developing nations' demand for refrigerant and refrigerant management significantly outpacing U.S.
- Opportunity to drive long term international growth across our business platform:
 - Refrigeration
 - Reclamation
 - Energy Efficiency
 - Carbon Credits

Foundation for Building Shareholder Value

- 14% organic CAGR since 2005, domestic refrigerant, reclamation and optimization services
 - Expecting 3-fold growth in reclamation
- Recent increases in R-22 price strengthen HDSN's bottom line growth and are expected to drive reclamation
- International expansion; developed and developing nations
- Acquisitions within the refrigerant industry
- Expansion in ancillary businesses; refrigerants, services, carbon



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