FORM 10KSB

Annual and transition reports of small business issuers [Section 13 or 15(d), not S-B Item 405]

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FILER

HUDSON TECHNOLOGIES INC /NY

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UNITED STATES

Securities and Exchange Commission

Washington, D.C. 20549

Form 10-KSB

[X] ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2005

OR

[ ] TRANSITION REPORT UNDER 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.

(Name of small business issuer in its charter)

New York	**13-3641539**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

275 North Middletown Road

Pearl River, New York **10965**

(Address of Principal Executive Offices)	(Zip Code)

Issuer's telephone number **(845) 735-6000**

Securities registered under Section 12(b) of the Exchange Act: None

Securities registered under Section 12(g) of the Exchange Act:

Common Stock, $0.01 par value

Check whether the issuer is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act [ ].

Check whether the issuer: (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Exchange Act during the past 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 [X] No [ ]**.

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B contained in this form, and no disclosure will 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-KSB or any amendment to this Form 10-KSB. **[X]**

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

The Issuer's revenues for the fiscal year ended December 31, 2005 were $19,223,000

The aggregate market value of the Issuer's Common Stock held by non-affiliates as of March 6, 2006 was approximately $10,042,000. As of March 6, 2006, there were 25,892,974 shares of the Issuer's Common Stock outstanding.

Documents incorporated by reference: **None**

Hudson Technologies, Inc.

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Part I

Item 1. Description of Business

General

Hudson Technologies, Inc., incorporated under the laws of New York on January 11, 1991, together with its subsidiaries (collectively, "Hudson" or the "Company"), 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) RefrigerantSide® Services performed at a customer's site, consisting of system decontamination to remove moisture, oils and other contaminants and (iii) refrigerant management services consisting primarily of reclamation of refrigerants. The Company operates through its wholly-owned subsidiary, Hudson Technologies Company.

The Company's executive offices are located at 275 North Middletown Road, 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 chlorofluorocarbons ("CFCs") and hydrochlorofluorocarbons ("HCFCs "), the most commonly used refrigerants, are subject to extensive and changing regulation under the Clean Air Act (the "Act"). The Act, which was amended during 1990 in response to evidence linking the use of CFCs and damage to the earth's ozone layer, 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. The Act further requires the recovery of refrigerants used in residential, commercial and industrial air conditioning and refrigeration systems, and, effective January 1, 1996, prohibited production of CFC refrigerants and limited the production of HCFC refrigerants. Additionally, effective January 2004, the Act further limited the production of HCFC refrigerants, and federal regulations were enacted which impose limitations on the importation of certain virgin HCFC refrigerants. Under the Act, production of certain 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.

Products and Services

From its inception, the Company has sold refrigerants, and has provided refrigerant reclamation and management services that are designed to preserve refrigerants, thereby protecting the environment from ozone depletion. In addition, the reclamation process allows the refrigerant to be re-used thereby eliminating the need to manufacture additional refrigerant and eliminating the corresponding impact to the environment associated with manufacturing. Today, these offerings represent most of the Company's revenues. During the last six years, 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. In addition, the Company has 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. The Company believes that its RefrigerantSide® Services, including Performance Optimization services represent the Company's long term growth potential. Each of the Company's products and services are more fully described below.

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 its 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 integrates the 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. 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.

In 2003, the Company was awarded an United States patent 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 in concert with Hudson's RefrigerantSide® Services, can increase the efficiency of the operating systems thereby reducing energy usage and costs. The Company's services help its customers' identify energy-efficient solutions that provide cost savings. These inefficiencies require power generating companies to produce more energy and, in many instances increase CO_2 emissions to produce the excess energy. Consequently, not only is Hudson's reclamation system beneficial to the environment, but Hudson's Performance Optimization Services recommendations are also designed to achieve an overall reduction in CO_2 emissions. The Company's Performance Optimization Services have allowed the Company to become an Energy Star ® Service and Product Provider Partner. 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 it Performance Optimization System with its Chiller Chemistry ™ the Company calls this combined offering ChillSmart™.

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 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 volume proprietary reclamation equipment, and 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 Air Conditioning and Refrigeration Institute ("ARI") certified lab, 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.

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
Fremont, New Hampshire	--Telemarketing office
Hillburn, New York	--RefrigerantSide® Service depot
Pearl River, New York	--Company headquarters and administration offices

Strategic Alliances

In January 1997, the Company entered into an agreement with E.I. DuPont de Nemours and Company ("DuPont"), pursuant to which the Company provides recovery, reclamation, separation, packaging and testing services directly to DuPont for marketing through DuPont's Authorized Distributor Network. The agreement expires February 28, 2008 and is subject to earlier termination, as defined in the agreement, by either party.

The Company's sales and marketing efforts for RefrigerantSide® Services business is focused on customers that the Company believes most readily appreciate and understand the value that is provided by its RefrigerantSide® Service offering. Moreover, to maintain its current ability to quickly respond to customer service requests throughout the United States, the Company intends to pursue the creation of additional strategic alliances with companies that service larger industrial customers in targeted industries, which, if consummated, would enable the Company to (i) co-locate its equipment with these strategic partners and (ii) utilize these partners' sales and marketing resources to offer their customers the Company's RefrigerantSide® Services.

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. In furtherance of the Company's efforts to expand its presence outside the United States, in June 2003 the Company entered into an exclusive global technology and marketing agreement with the BOC Group PLC ("BOC Group"), a

worldwide industrial gases, vacuum technologies and distribution services company that serves two million customers in more than 50 countries. Under the agreement, the Company has licensed its RefrigerantSide® Services technology to BOC Group, and the Company has agreed to enter into separate supplemental agreements with certain BOC Group affiliate companies, pursuant to which the Company will license its RefrigerantSide® Services technology and the use of its related proprietary equipment to each BOC Group affiliate in return for a license fee payable to the Company by the BOC Group affiliate in annual installments during the course of that supplemental agreement and royalty payments to the Company based on revenues derived by the BOC Group affiliate from the performance of RefrigerantSide® Services and other sales licensed from the Company. The arrangement is specifically aimed at marketing and developing the Company's RefrigerantSide® and other performance optimization services in over 20 countries outside the United States. Currently, the Company has executed two separate supplemental agreements with BOC Group affiliates covering the United Kingdom and the Republic of South Africa. The agreement with the BOC Group is, and each supplemental agreement with a BOC Group affiliate will be, for an initial term of seven years and may be further extended for an initial period of three years and thereafter on an open-ended basis unless earlier terminated by either party upon six months prior written notice.

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 from manufacturers and other suppliers and reclaimable refrigerants, including non CFC and CFC based refrigerants, from 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 refrigerants. Effective January 1, 1996, the Act limits the production of HCFC refrigerants, which production was further limited in January 2004. Federal regulations enacted in January 2004 also imposed limitations on the importation of certain HCFC refrigerants. Under the Act, the production of certain 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 the year 2030. Notwithstanding the limitations imposed by and 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 the Company is unable to source sufficient quantities of refrigerants to support its refrigerant sales, the Company's financial condition and results of operations would be materially adversely affected.

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 year ended December 31, 2005 one customer accounted for 12% and one customer accounted for 11% of the Company's revenue. For the year ended December 31, 2004 one customer accounted for 12% 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 (www.hudsontech.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, which provide refrigerant reclamation services, as well as market reclaimed and virgin refrigerants. 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, provide services or products over 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 market place that its alternative solutions are available and that RefrigerantSide® Services are superior to traditional methods. The market acceptance for these services are 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 $1,000,000 per occurrence, and $2,000,000 annual aggregate for events occurring subsequent to November 1996.

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 in the United States the Environmental Protection Agency ("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 refrigerants in accordance with standards established by the 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. In February 2006, the Company became one of three certified refrigerant testing certified 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 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 impose 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 ("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 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, which 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 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 employs portable testing equipment when performing on-site services to verify certain quality specifications. The Company employs four persons engaged full-time in quality control and to monitor the Company's operations for regulatory compliance.

Employees

The Company has 60 full and 5 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 an United States patent, and holds eight foreign patents covering seventeen foreign countries and patent applications pending in two other foreign countries, relating to the high-speed equipment, components and process to reclaim refrigerants, and 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 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.

Business Risk Factors

There are many important factors that have affected, and in the future could affect, the Company'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 the Company's control and future trends are difficult to predict.

The Company may need additional financing to satisfy its future capital requirements, which may not be readily available to the Company.

The Company's capital requirements have been and may be significant in the future. In the future, the Company may incur additional expenses in the development and implementation of its operations. As a result, the Company may be required to seek additional equity or debt financing in order to develop its RefrigerantSide® Services business and other businesses. The Company has no current arrangements with respect to, or sources of, additional financing other than a bank line of credit that expires in May 2007. If additional financing is available, it may not be available on acceptable terms. The Company's inability to obtain additional capital financing, if and when needed, could materially adversely affect its business and future financial condition and could require the Company to curtail or otherwise cease its existing operations.

The nature of the Company's business exposes it 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. 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 strictly liable for damages, which could be substantial, regardless of whether the

Company exercised due care and complied with all relevant laws and regulations. The Company's 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 the Company, if successful and of sufficient magnitude, would have a material adverse effect on the Company.

The Company's business and financial condition is substantially dependent on the sale and continued environmental regulation of refrigerants.

The Company's 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 the Company. Failure by government authorities to otherwise continue to enforce existing regulations or significant relaxation of regulatory requirements could also adversely affect demand for the Company's services and products.

The Company's 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 the Company believes that it is in substantial compliance with all material regulations relating to its 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 the Company to continually alter its methods of operation and/or discontinue the sale of certain of its products resulting in costs to the Company that could be substantial. The Company may not be able, for financial or other reasons, to comply with applicable laws, regulations and permit requirements, particularly as it seeks to enter into new geographic markets. The Company's failure to comply with applicable laws, rules or regulations or permit requirements could subject it to civil remedies, including substantial fines, penalties and injunctions, as well as possible criminal sanctions, which would, if of significant magnitude, materially adversely impact its operations and future financial condition.

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

The markets for the Company's services and products are highly competitive. The Company competes with numerous regional and national companies which provide refrigerant recovery and reclamation services, as well as companies which market and deal in reclaimed and alternative refrigerants, including certain of its suppliers, some of which possess greater financial, marketing, personnel and other resources than the Company. The Company also competes 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. The Company may not be able to compete successfully, particularly as it seeks 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 the Company's business and financial condition.

Refrigerant sales continue to represent a significant portion of the Company's revenues. Therefore, the Company's business is substantially dependent on the availability of both new and used refrigerants in large quantities, which may be affected by several factors including commercial production and consumption limitations imposed by the Act and government regulation on HCFC refrigerants; the ban on production of CFC based refrigerants under the Act; the introduction of new refrigerants and air conditioning

and refrigeration equipment; price competition resulting from additional market entrants; and changes in government regulation on the use and production of refrigerants. The Company does not maintain firm agreements with any of its suppliers of refrigerants. Sufficient amounts of new and/or used refrigerants may not be available to the Company in the future, or may not be available on commercially reasonable terms. Additionally, the Company may be subject to price fluctuations, periodic delays or shortages of new and/or used refrigerants. The Company's failure to obtain and resell sufficient quantities of virgin refrigerants, or to obtain, reclaim and resell sufficient quantities of used refrigerants would have a material adverse effect on its future operating margins and results of operations.

The loss of key management personnel would adversely impact the Company's business.

The Company's success is largely dependent upon the efforts of its Chief Executive Officer and Chairman, the loss of his services would have a material adverse effect on the Company's business and prospects.

The Company has the ability to designate and issue preferred stock which may have rights, preferences and privileges greater than the Company's Common Stock and which could impede a subsequent change in control of Hudson.

The Company's Certificate of Incorporation authorizes its 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 the Company's 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 in the future. The Company's 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 Hudson.

If the Company's Common Stock were delisted from NASDAQ it would be subject to "penny stock" rules which could negatively impact its liquidity and the Company's stockholders' ability to sell their shares.

The Company's Common Stock is currently listed on NASDAQ Capital Market. The Company must comply with numerous NASDAQ MarketPlace rules in order to continue the listing of its Common Stock on NASDAQ. There can be no assurance that the Company can continue to meet the rules required to maintain the NASDAQ listing of the Company's Common Stock. If the Company is unable to maintain its listing on NASDAQ, the market liquidity of the Company's Common Stock may be severely limited.

The Fleming US Discovery Fund III, L.P. and the Fleming US Discovery Offshore Fund III, L.P. effectively control the affairs of the Company.

Currently, the Fleming US Discovery Fund III, L.P. and the Fleming US Discovery Offshore Fund III, L.P. ("Fleming Funds") collectively own approximately 75% of the Company's outstanding Common Stock. Accordingly, the Flemings Funds are in a position to significantly effect, and potentially fully control the Company and the election of its directors, and generally direct the Company's affairs. There is no provision for cumulative voting for the Company's directors.

Item 2. Description of Property

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 an agreement expiring in April 2006.

The Company's Baton Rouge, Louisiana depot facility is located in a 3,800 square foot building leased from an unaffiliated third party pursuant to a month to month rental agreement at an annual rental of $21,000.

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, 2005 annual real estate taxes on this facility are approximately $31,000.

The Company's Charlotte, North Carolina facility is located in a 8,500 square foot building leased from an unaffiliated third party at an annual rental of $61,000 pursuant to an agreement expiring in November 2009.

The Company's Fremont, New Hampshire telemarketing facility is located in a 2,100 square foot building leased from an unaffiliated third party at an annual rental of $13,500 pursuant to an agreement expiring in June 2006.

The Company's Hillburn, New York facility is located in a 21,000 square foot building leased from an unaffiliated third party pursuant to a month to month rental agreement at a monthly rental of $14,000. In November 2005, the Company entered into a five year lease with an unaffiliated third party for the lease of an 18,000 square foot facility in Orangeburg, New York at an annual rental of

$161,000. The Orangeburg, New York facility is expected to be ready for occupancy by the Company in the second quarter of 2006, at which time, the Company plans to close the Hillburn, New York facility and relocate its operations to the Orangeburg, New York facility. The lease for the Orangeburg, New York facility, and the Company's obligation to pay rent, will commence 10 days after the facility is ready for occupancy and will expire five years after the commencement date.

The Company's headquarters are located in a 3,625 square foot building in Pearl River, New York. The building is leased from an unaffiliated third party at an annual rental of $70,000 pursuant to an agreement expiring in December 2007.

The Company typically enters into short-term leases for its facilities and whenever possible extends the expiration date of such leases.

Item 3. Legal Proceedings

On April 1, 1999, the Company reported a release at the Company's 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, 2005, 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, 2008. 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.

Between April 2004 and September 2004, Ramapo Land Company ("Ramapo"), the lessor of the Company's Hillburn Facility, advised the Company that it had incurred approximately $80,000 in legal and consulting fees relating to the 1999 Release at the Hillburn Facility and requested reimbursement from the Company for these costs and for future costs that may be incurred in this regard. In September 2004, Ramapo advised the Company that the value of the real property upon which the Hillburn Facility is situated has been diminished in value by an unspecified amount as a result of the 1999 Release. In July 2005, the Company received a summons with notice in connection with an action commenced by Ramapo against the Company in the Supreme Court of the State of New York, Rockland County, seeking damages in the amount of $2,000,000 for an alleged and unspecified breach of contract (the "Rockland County Action"). In December 2005, Ramapo completed the sale of the Hillburn Facility to the Town of Ramapo and, in connection with that sale, the Company entered into a Lease Termination Agreement (the "Agreement") with Ramapo pursuant to which the Company paid Ramapo approximately $70,000 in exchange for a release from Ramapo "from any claims and causes of action which it has or may have including, without limitation, any claim for a reduction in the value" of the Hillburn Facility. Additionally, in December 2005, the Company entered into a Stipulation of Discontinuance (the "Stipulation") with Ramapo by which Ramapo agreed to dismiss with prejudice all claims asserted by Ramapo in the Rockland County Action. The execution of the Agreement and the Stipulation resolved all claims of Ramapo arising out of the 1999 Release.

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

During the year ended December 31, 2005, the Company incurred $84,000 in additional remediation costs in connection with the matters above and such amount has been included as a component of general and administrative expenses. There can be no assurance that the 1999 Release of R-11 refrigerant 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. Submission of Matters to a Vote of Security Holders

None

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Part II

Item 5. Market for Common Equity and Related Stockholder Matters

The Company's Common Stock trades on the NASDAQ Capital Market under the symbol "HDSN". There can be no assurance that, in the future, the Company will be able to meet the requirements necessary for continued listing of its Common Stock on NASDAQ. 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
2004		
• First Quarter	$ 1.60	$ 1.07
• Second Quarter	$ 1.22	$ 0.80
• Third Quarter	$ 1.21	$ 0.70
• Fourth Quarter	$ 1.24	$ 0.72
2005		
• First Quarter	$ 1.13	$ 0.85
• Second Quarter	$ 0.94	$ 0.76
• Third Quarter	$ 3.15	$ 0.78
• Fourth Quarter	$ 4.05	$ 1.67

The number of record holders of the Company's Common Stock was approximately 250 as of March 6, 2006. The Company believes that there are in excess of 4,000 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") which, among other things, restricts the Company's ability to declare or pay any cash dividends on its capital stock.

See Item 11 for certain information with respect to the Company's equity compensation plans in effect at December 31, 2005.

Item 6. 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-KSB 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 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 this report and in the Company's other 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.

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 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 judgements, 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 judgements 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, inventories 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. 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 estimated liabilities could differ from the original estimates.

Overview

The Company has created and developed a service offering known as RefrigerantSide® Services. RefrigerantSide® Services are sold to contractors and end-users associated with refrigeration systems in commercial air conditioning and industrial processing industries. 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.

Management believes that its RefrigerantSide® Services represent the Company's long term growth potential. The Company is focusing 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 focuses its RefrigerantSide® Services on customers in the following industries; petrochemical, pharmaceutical, industrial power, manufacturing, commercial facility and property management and maritime. Moreover, to maintain its current ability to quickly respond to customer service requests throughout the United States, the Company intends to pursue the creation of additional strategic alliances with companies that service larger customers in targeted industries, which would enable the Company to (i) co-locate its equipment with these strategic partners and (ii) utilize these partners' sales and marketing resources to offer their customers the Company's RefrigerantSide® Services. In addition, the Company has determined to expand its service offering outside of the United States through a strategic alliance with BOC Group. The Company may incur additional expenses as it develops its RefrigerantSide® Services.

Sales of refrigerants continue to represent a majority of the Company's revenues. Certain of the Company's refrigerant sales are CFC based refrigerants, which are no longer manufactured. The demand for CFC based refrigerants has and will continue to decrease as equipment that utilize other chemical based refrigerants displace those units that utilize CFC based refrigerants, particularly in the

automotive aftermarket segment of the refrigerant sales industry. The Company has increased its refrigerant sales from non CFC based refrigerants, including HCFC refrigerants. Effective January 1, 1996, the Act limits the production of HCFC refrigerants, which production was further limited in January 2004. Federal regulations enacted in January 2004 also imposed limitations on the importation of certain HCFC refrigerants. Under the Act, production of certain 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 the year 2030. To the extent that the Company is unable to source CFC based or non CFC based refrigerants on commercially reasonable terms or at all, or the demand for CFC based or non CFC based refrigerants decreases, the Company's financial condition and results of operations could be materially adversely affected.

Results of Operations

Year ended December 31, 2005 as compared to the year ended December 31, 2004

Revenues for 2005 were $19,223,000, an increase of $4,610,000 or 32% from the $14,613,000 reported during the comparable 2004 period. The increase in revenues was primarily attributable to an increase in refrigerant revenues of $5,356,000 offset by a decrease in RefrigerantSide® Services revenues of $746,000. The increase in refrigerant revenues, which resulted from exceptionally strong demand and higher prices, is related to an increase in the price of certain refrigerants sold of $3,023,000 and an increase in the volume of refrigerants sold of $2,333,000. The decrease in RefrigerantSide® Services was attributable to a decrease in the size of jobs completed of $516,000, and a decrease in the number of jobs completed of $230,000.

Cost of sales for 2005 was $11,720,000, an increase of $2,230,000 or 23% from the $9,490,000 reported during the comparable 2004 period. The increase in cost of sales was primarily due to the increase in volume of refrigerants sold of $1,066,000 and an increase in the price of refrigerants of $1,060,000 and an increase in the costs of RefrigerantSide® Services of approximately $104,000. The increase in the costs of RefrigerantSide® Services is primarily related to an increase in fulfillment expenses. As a percentage of sales, cost of sales was 61% of revenues for 2005, a decrease from the 65% reported for the comparable 2004 period. The decrease in cost of sales as a percentage of revenues was primarily attributable to an increase in the sales price and volume of certain refrigerants.

Operating expenses for 2005 were $4,915,000 an increase of $292,000 or 6% from the $4,623,000 reported during the comparable 2004 period. The increase was primarily attributable to an increase in payroll and other costs of $406,000 offset by a reduction in depreciation and amortization costs of $114,000.

Other income (expense) for 2005 was ($294,000), compared to the ($236,000) reported during the comparable 2004 period. Other income (expense) includes interest expense of $303,000 and $341,000 for the comparable 2005 and 2004 periods, respectively. The decrease in interest expense is primarily attributed to a reduction in outstanding indebtedness partially offset by an increase in the interest rate on the outstanding indebtedness. During the 2004 period, interest expense was offset by insurance proceeds of $105,000.

Income taxes for the year ended December 31, 2005 of $24,000 were recognized for states that either do not allow or have limitations on net operating loss carry forwards. During the 2005 and 2004 periods no federal income taxes were recognized on the income before taxes of $2,294,000 and $264,000 due to the utilization of net operating loss carry forwards from prior periods. The Company recognized a reserve allowance against the deferred tax benefit for the 2003 and prior losses. The tax benefits associated with the Company's net operating loss carry forwards is recognized to the extent that the Company is expected to recognize net income. A portion of the Company's net operating loss carry forwards are subject to annual limitations. Limitations on the amount of the Company's net operating loss carry forwards, and on the annual limitations, could occur in the future upon the occurrence of certain events including, without limitation, a change in control of the Company.

Net income for 2005 was $2,270,000 an increase of $2,006,000 from the $264,000 net income reported during the comparable 2004 period. The increase in net income was primarily attributable to an increase in revenues and gross profits partially offset by an increase in selling, general and administrative expenses.

Liquidity and Capital Resources

At December 31, 2005, the Company had working capital, which represents current assets less current liabilities, of approximately $3,887,000, an increase of $2,581,000 from the working capital of $1,306,000 at December 31, 2004. The increase in working capital is primarily attributable to the increase in net income.

Principal components of current assets are inventory and trade receivables. At December 31, 2005, the Company had inventories of $6,145,000, an increase of $3,484,000, or 131% from the $2,661,000 at December 31, 2004. 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 (see "Reliance on Suppliers and Customers" and "Seasonality and Fluctuations in

Operating Results"). At December 31, 2005, the Company had trade receivables, net of allowance for doubtful accounts, of $1,829,000, an increase of $90,000 or 5% from the $1,739,000 at December 31, 2004. 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 and related party borrowings.

Net cash provided by operating activities for the year ended December 31, 2005, was $106,000 compared with net cash provided by operating activities of $856,000 for the comparable 2004 period. Net cash provided by operating activities for the 2005 period was primarily attributable to the net income for the period offset by an increase in accounts receivable and an increase in inventories offset by an increase in accounts payable and accrued expenses.

Net cash used by investing activities for the year ended December 31, 2005, was $715,000 compared with net cash used by investing activities of $236,000 for the prior comparable 2004 period. The net cash used by investing activities for the 2005 period was primarily related to investment in property, plant and equipment.

Net cash provided by financing activities for the year ended December 31, 2005, was $628,000 compared with net cash used by financing activities of $661,000 for the comparable 2004 period. The net cash provided by financing activities for the 2005 period was due to issuance of Common Stock in accordance with the exercise of employee stock options of $401,000 and increase in indebtedness of $171,000 primarily related to additions to property, plant and equipment.

At December 31, 2005, the Company had cash and cash equivalents of $634,000. 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 reclamation facility and to a lesser extent in support of its RefrigerantSide® Services. The Company estimates that total capital expenditures during 2006 may range from approximately $500,000 to $700,000.

The following is a summary of the Company's significant contractual cash obligations for the periods indicated that existed as of December 31, 2005 and is more fully disclosed in the Notes to the Consolidated Financial Statements (see Notes 7 and 9 to the Notes to the Consolidated Financial Statements) (amounts in thousands of dollars).

	Year ended December 31,					
	2006(2)	2007	2008	2009	2010 and after	Total
Long and short term debt and capital lease obligations (1)	$1,402	$ 354	$ 58	$ 52	$ 755	$2,621
Operating leases	368	298	231	229	212	1,338
Total contractual cash obligations (1)	$1,770	$ 652	$ 289	$ 281	$ 967	$3,959

(1) The contractual cash obligations included in the table includes principal payments only. For the year ended December 31, 2005, the Company recognized interest expense in the amount of $303,000. The 2005 interest expense was based primarily on the interest rates in effect and the outstanding obligation balances. It would be expected that in future periods the Company would recognize interest expense on its obligations but such future interest expense is not readily calculable.

(2) Long and short term debt and capital lease obligations include $1,265,000 outstanding under the revolving line of credit with Keltic. The Company expects that the revolving line of credit will continue to renew through the term of the credit facility, which expires on May 30, 2007.

On May 30, 2003, Hudson entered into a credit facility with Keltic which provides for borrowings of up to $5,000,000. The facility consists of a revolving line of credit and a term loan. On March 8, 2006, the Company extended the maturity date of the facility by one year from May 30, 2006 to May 30, 2007. Advances under the revolving line of credit may not exceed $4,600,000 and are limited to (i) 85% of eligible trade accounts receivable and (ii) 50% of eligible inventory. Advances available to Hudson under the term loan may not exceed $400,000. At

December 31, 2005, the facility bore interest at an interest rate equal to 9.25% which was the prime rate plus 2%. In connection with the March 8, 2006 extension, the interest rate on the loan was reduced to the prime rate plus 1% or 6.5%, at the option of Keltic, for the remainder of the term of the facility. Substantially all of Hudson's assets are pledged as collateral for its obligations to Keltic under the credit facility. In addition, among other things, the agreements restrict Hudson's ability to declare or pay any cash dividends on its capital stock. As of December 31, 2005, Hudson had in the aggregate $1,265,000 of borrowings outstanding under the Keltic revolving line of credit and $3,041,000 available for borrowing under the revolving line of credit. In addition, the Company had $373,000 of borrowings outstanding under its term loan with Keltic.

Prior to March 31, 2004, the Company paid dividends, in arrears, on its Series A Preferred Stock, semi-annually, either in cash or additional shares, at the Company's option. On March 30, 2004, the Company declared and paid, in-kind, the dividends on the outstanding Series A Preferred Stock and issued 4,455 additional shares of its Series A Preferred Stock in satisfaction of the dividends due. The March 30, 2004 dividend payment was the final dividend payment on the outstanding Series A Preferred Stock.

On March 31, 2004, the holders of the Series A Preferred Stock converted all of their shares of the Series A Preferred Stock into Common Stock at a conversion price of $0.79 per share. Upon conversion the holders of the Series A Preferred Stock received 16,397,468 shares of Common Stock (the "Conversion Shares"). In connection with the original purchase of the Company's Series A Preferred Stock, the holders of the Preferred Stock were provided certain registration, preemptive and tag along rights and such rights continue to be held by the holders of the Conversion Shares. The holders of the Conversion Shares have the right, for as long as they hold at least thirty-five (35%) percent in the aggregate of the Conversion Shares, or at least 5,739,114 Conversion Shares, to nominate up to two individuals to become members of the Company's Board of Directors, or at their option, to designate up to two advisors to the Company's Board of Directors who will attend and observe meetings of the Board of Directors. The holders of the Conversion Shares have the right, for as long as they hold at least twenty (20%) percent, or at least 3,279,494 Conversion Shares, but less than thirty-five (35%) percent in the aggregate of the Conversion Shares, to nominate one individual to become a member of the Company's Board of Directors, or at their option, to designate one advisor to the Company's Board of Directors who will attend and observe meetings of the Board of Directors.

In May 2005, the Company purchased the Champaign, Illinois facility from its then owner for a total purchase price of $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. The note bears interest at 7% for the first five years and then adjusts annually based on prime plus 2%.

The Company believes that it will be able to satisfy its working capital requirements for the next twelve months from anticipated cash flows from operations and available funds under its credit facility with Keltic. 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 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, primarily CFC based, refrigerants from manufacturers, wholesalers, distributors, bulk gas brokers, and from other sources within the air conditioning and

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 refrigerants. Effective January 1, 1996, the Act limits the production of HCFC refrigerants, which production was further limited in January 2004. Federal regulations enacted in January 2004 also imposed limitations on the importation of certain HCFC refrigerants. Under the Act, the production of certain 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 the year 2030. Notwithstanding the limitations imposed by and 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 virgin or reclaimable refrigerants in the future, or resell refrigerants at a profit, the Company's financial condition and results of operations would be materially adversely affected.

For the year ended December 31, 2005 one customer accounted for 12% and one customer accounted for 11% of the Company's revenue. For the year ended December 31, 2004 one customer accounted for 12% 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 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-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 have resulted in losses particularly in the fourth quarter of the year. 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 November 2004, the Financial Accounting Standards Board ("FASB") issued FASB statement No. 151 ("SFAS 151"), which amends ARB No. 43 Chapter 4, which deals with the accounting for inventory pricing. The amendment provides greater clarity on costs that are to be included in the cost of inventory versus those costs which are considered period costs.

In December 2004, the FASB issued FASB statement No. 152 ("SFAS 152"). SFAS 152 addresses accounting for the sale of real estate and the cost associated with real estate projects.

In December 2004, the FASB issued FASB statement No. 153 ("SFAS 153"). SFAS 153 addresses accounting for non-monetary transactions.

SFAS 151, 152 and 153 are effective for fiscal years beginning after September 15, 2005. The Company does not believe that the adoption of these accounting pronouncements will have a material impact on the Company's financial position and results of operations.

In December 2004, the FASB issued a revision of FASB statement No. 123, ("Revised SFAS 123") which requires that the cost resulting from all share-based payment transactions be recognized in the financial statements. Revised SFAS 123 establishes fair value as the measurement objective in accounting for share-based payment arrangements. Revised SFAS 123 is effective as of the beginning of the first annual reporting period that begins after December 15, 2005. The revised SFAS No. 123 may have a material effect on the Company's results of operations but not on the Company's financial position.

In May 2005, the FASB issued FASB statement No. 154 ("SFAS 154"). SFAS 154 addresses accounting for changes and error corrections. This statement is effective for fiscal years beginning after December 15, 2005. The Company does not believe that the adoption of the accounting pronouncement will have a material impact on the Company's financial position and results of operations.

Item 7. Financial Statements.

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

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None

Item 8A. Controls and Procedures

An evaluation was carried out under the supervision and with the participation of the Company's management, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), of the effectiveness of the Company's disclosure controls and procedures as of December 31, 2005. Based on that evaluation, the CEO and CFO have concluded that the Company's disclosure controls and procedures are effective to provide reasonable assurance that: (i) information required to be disclosed by the Company in reports that it files or submits under the Securities Exchange Act of 1934 is accumulated and communicated to the Company's management, including the CEO and CFO, as appropriate to allow timely decisions regarding required disclosure by the Company; and (ii) information required to be disclosed by the Company in reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms. During the quarter ended December 31, 2005, there were no changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

Item 8B. Other Information

None

Part III

Item 9. Directors, Executive Officers, Promoters and Control Persons; Compliance with Section 16(a) of the Exchange Act

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

Name	Age	Position
Kevin J. Zugibe	42	Chairman of the Board and Chief Executive Officer
Brian F. Coleman	44	President and Chief Operating Officer
James R. Buscemi	53	Chief Financial Officer
Charles F. Harkins, Jr.	44	Vice President Sales
Stephen P. Mandracchia	46	Vice President Legal and Regulatory and Secretary
Vincent P. Abbatecola	59	Director
Robert L. Burr	55	Director
Dominic J. Monetta	64	Director
Otto C. Morch	72	Director
Harry C. Schell	71	Director
Robert M. Zech	40	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. Mr. Zugibe is the brother-in-law of Stephen P. Mandracchia.

Brian F. Coleman

has been 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 Seidman, LLP, the Company's independent auditors.

James R. Buscemi

has been Chief Financial Officer of the Company since December 2002 and served as Corporate Controller since joining the Company in June 1998. 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 is Past Chairman of the International Packaged Ice Association. Mr. Abbatecola is a Trustee of Nyack Hospital, and a board member of the Rockland Business Association and the Rockland Board of Governors. Mr. Abbatecola also serves on the Union State Bank and St. Thomas Aquinas President's Councils.

Robert L. Burr

has been a Director of the Company since August 1999. Mr. Burr has been a Partner of Windcrest Discovery Investments LLC, an investment management firm, from its inception in February 2002 and since October 2001 has a consulting agreement with J.P. Morgan Partners under which he is the lead partner of Fleming US Discovery Partners, L.P., a private equity sponsor affiliated with J.P. Morgan Chase & Co. Fleming US Discovery Partners, L.P. is the general partner of Fleming US Discovery Fund III, L.P. and Fleming US Discovery Offshore Fund III, L.P. Mr. Burr was employed by J. P. Morgan Chase & Co. from July 1995 to October 2001. From 1992 to 1995, Mr. Burr was head of Private Equity at Kidder, Peabody & Co., Inc. Previously, Mr. Burr served as the Managing General Partner of Morgan Stanley Ventures and General Partner of Morgan Stanley Venture Capital Fund I, L.P. and was a corporate lending officer with Citibank, N.A. Mr. Burr serves on the Board of Directors of Displaytech, Inc. and Impax Laboratories, Inc.

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.

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.

Harry C. Schell

has been a Director of the Company since August 1998. Mr. Schell has been a private investor since 1994. Mr. Schell served as Chairman, President and Chief Executive Officer of BICC Cables Corporation, a company engaged in the manufacture of wires and cable products, from 1990 to January 1994, and was President and Chief Executive Officer

of BICC's predecessor company, Cablec Corporation, from 1984 to 1990. Mr. Schell was President and Chief Executive Officer of Phelps Dodge Cable and Wire Company, a company engaged in the production of wire and cable products, from 1974 to 1984. Mr. Schell served on the board of directors of the BICC Group and BICC Cables Corporation, Phillips Cables Limited, National Electrical Manufacturers Association and the United Way of Rockland County (New York).

Robert M. Zech

has been a Director of the Company since June 1999. Mr. Zech has been a Partner of Windcrest Discovery Investments LLC, an investment management firm, from its inception in February 2002 and since July 2003 has a consulting agreement with J.P. Morgan Partners with respect to Fleming US Discovery Partners, L.P. From April 1996 to October 2001, Mr. Zech was employed by J.P. Morgan Chase & Co., where he was a Partner of Fleming US Discovery Partners, L.P., the general partner of Fleming US Discovery Fund III, L.P. and Fleming US Discovery Offshore Fund III, L.P. From 1994 to 1996, Mr. Zech was an Associate with Cramer Rosenthal McGlynn, Inc., an investment management firm. Previously Mr. Zech served as an Associate with Wolfensohn & Co., a mergers & acquisitions advisory firm, and was a Financial Analyst at leveraged buyout sponsor Merrill Lynch Capital Partners, Inc. and in the investment banking division of Merrill Lynch & Co. Mr. Zech serves on the Board of Directors of Displaytech, Inc.

Messrs Burr and Zech were nominated for election to the Board of Directors by the holders of the Conversion Shares, which have the right, for as long as they hold at least thirty-five (35%) percent in the aggregate of the Conversion Shares, or at least 5,734,114 Conversion Shares, to nominate up to two individuals to become members of the Board of Directors.

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

The Company has an Audit Committee of the Board of Directors, which supervises the audit and financial procedures of the Company. 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 the NASD. The Company's 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 have been active in the business community and have broad and diverse backgrounds, and financial experience. Two of the current members have served on the Company's Audit Committee and have overseen the financial review by the Company's independent auditors for eight (8) years. The Company believes that the current members of the Audit Committee are able to fully and faithfully perform the functions of the Audit Committee and that the Company does not need to install a "financial expert" on the Audit Committee.

The Company has an Executive Committee of the Board of Directors, which is authorized to exercise the powers of the board of directors in the general supervision and control of the business affairs of the Company during the intervals between meetings of the board. The members of the Executive Committee are Messrs. Burr, Schell and Zugibe. The Company's Occupational, Safety And Environmental Protection Committee is responsible for satisfying the Board that the Company's Environmental, Health and Safety policies, plans and procedures are adequate. The members of the Occupational, Safety and Environmental Protection Committee are Messrs. Monetta and Zugibe.

The By-laws of the Company 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 that the number of directors shall 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 the Company's June 28, 2005 Annual Meeting of the Shareholders, Messrs. Abbatecola, Burr and Morch were elected as directors to terms of office that will expire at the Annual Meeting of Shareholders to be held in the year 2007. Messrs. Monetta, Schell, Zech and Zugibe are currently serving as

directors and their terms of office expire at the Annual Meeting of Shareholders to be held in the year 2006. Mr. Zech has stated that he does not plan to stand for re-election.

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Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's officers and directors, and persons who own more than 10 percent of a registered class of the Company's equity securities, to file reports of ownership and changes in ownership with the Securities and Exchange Commission ("SEC"). Officers, directors, and greater than 10 percent stockholders are required by SEC regulation to furnish the Company with copies of all Section 16(a) forms they file.

Based solely on the Company's review of copies of such forms received by the Company, and on representations made to the Company, the Company believes that during the year ended December 31, 2005, all filing requirements applicable to all officers, directors, and greater than 10% beneficial stockholders were complied with.

Code of Conduct and Ethics

The Company has adopted a written code of conduct and ethics that applies to all directors, and employees, including the Company's principal executive officer, principal financial officer, principal accounting officer or controller and any persons performing similar functions. The Company will provide a copy of its code of ethics to any person without charge upon written request addressed to Hudson Technologies, Inc., 275 North Middletown Road, Pearl River, New York 10965, Attention: Stephen P. Mandracchia.

Item 10. Executive Compensation

The following table discloses, for the years indicated, the compensation for the Company's Chief Executive Officer and each executive officer that earned over $100,000 during the year ended December 31, 2005 (the "Named Executives").

Summary Compensation Table

			Annual Compensation (1)		Long Term Compensation Awards
Name	Position	Year	Salary	Bonus	Securities Underlying Options #
Kevin J. Zugibe (2)	Chairman of the Board	2005	$166,412	$75,500(4)	273,750 shares
	and Chief Executive	2004	$146,230	$62,750(3)	331,250 shares

	Officer	2003	$145,136	--	123,000 shares
Brian F. Coleman	President and Chief	2005	$150,645	$61,000(4)	182,500 shares
	Operating Officer	2004	$138,799	$48,000(3)	118,750 shares
		2003	$138,799	--	79,500 shares
James R. Buscemi	Chief Financial Officer	2005	$113,091	$32,000(4)	91,250 shares
		2004	$108,800	$18,450(3)	46,875 shares
		2003	$108,593	--	15,000 shares
Charles F. Harkins, Jr.	Vice President Sales	2005	$142,522	$70,000(4)	136,875 shares
		2004	$136,800	$53,450(3)	57,813 shares
		2003	$133,031	$10,000	85,000 shares
Stephen P. Mandracchia	Vice President Legal and	2005	$129,879	$45,210(4)	101,250 shares
	Regulatory and Secretary	2004	$123,800	$33,450(3)	61,875 shares
		2003	$123,800	--	60,000 shares

- The value of personal benefits furnished to the Named Executives during 2003, 2004 and 2005 did not exceed 10% of their respective annual compensation.
- A certain portion of Mr. Zugibe's compensation has been paid in stock option awards rather than cash. As a result, options to purchase 15,000 shares of common stock for the year ended December 31, 2003 were issued in lieu of cash compensation.
- Bonus was earned in 2004 and was paid during the first and second quarters of 2005.
- Bonus was earned in 2005 and was paid during the first quarter of 2006.

The Company granted options, which, except as otherwise set forth below, vest upon the date of grant, to the Named Executives during the fiscal year ended December 31, 2005, as shown in the following table:

Option Grants in the 2005 Fiscal Year

Name	Position	Number of Securities Underlying Options Granted	% of Total Options Granted to Employees in Fiscal Year	Exercise or Base price($/sh)	Expiration Date
Kevin J. Zugibe	Chairman of the Board	93,750(1)	8.3%	$1.02	01/03/2015
	and Chief Executive	18,750(2)	1.7%	$0.87	04/01/2015
	Officer	18,750(3)	1.7%	$0.83	07/08/2015
		18,750(4)	1.7%	$2.15	09/30/2015
		18,750	1.7%	$1.76	12/29/2015
		105,000	9.3%	$1.76	12/29/2015
Brian F. Coleman	President and Chief	62,500(1)	5.6%	$1.02	01/03/2015
	Operating Officer	12,500(2)	1.1%	$0.87	04/01/2015
		12,500(3)	1.1%	$0.83	07/08/2015
		12,500(4)	1.1%	$2.15	09/30/2015
		12,500	1.1%	$1.76	12/29/2015
		70,000	6.2%	$1.76	12/29/2015
James R. Buscemi	Chief Financial Officer	31,250(1)	2.8%	$1.02	01/03/2015
		6,250(2)	0.6%	$0.87	04/01/2015
		6,250(3)	0.6%	$0.83	07/08/2015

		6,250(4)	0.6%	$2.15	09/30/2015
		6,250	0.6%	$1.76	12/29/2015
		35,000	3.1%	$1.76	12/29/2015
Charles F. Harkins, Jr.	Vice President Sales	46,875(1)	4.2%	$1.02	01/03/2015
		9,375(2)	0.8%	$0.87	04/01/2015
		9,375(3)	0.8%	$0.83	07/08/2015
		9,375(4)	0.8%	$2.15	09/30/2015
		9,375	0.8%	$1.76	12/29/2015
		52,500	4.7%	$1.76	12/29/2015
Stephen P. Mandracchia	Vice President Legal and	31,250(1)	2.8%	$1.02	01/03/2015
	Regulatory and Secretary	6,250(2)	0.6%	$0.87	04/01/2015
		6,250(3)	0.6%	$0.83	07/08/2015
		6,250(4)	0.6%	$2.15	09/30/2015
		6,250	0.6%	$1.76	12/29/2015
		45,000	4.0%	$1.76	12/29/2015

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(1) The underlying options vest quarterly commencing April 1, 2005.

(2) The underlying options vest quarterly commencing July 1, 2005.

(3) The underlying options vest quarterly commencing October 1, 2005.

(4) The underlying options originally issued to vest quarterly commencing January 1, 2006. On December 13, 2005, the Board of Directors approved the acceleration of the vesting of these options, effective December 14, 2005 such that all options vested on December 14, 2005. (See the Company's Report on Form 8-K, dated December 13, 2005 and filed December 19, 2005.)

The following table sets forth information concerning the value of unexercised stock options held by the Named Executives at December 31, 2005. Except as set forth in the following table, no options were exercised by the Named Executives during the fiscal year ended December 31, 2005.

Aggregated Option Exercises in Fiscal 2005 and Fiscal Year End Option Values

			Number of Securities Underlying Unexercised Options At December 31, 2005		Value of Unexercised In-the-money Options At December 31, 2005(1)	
Name	Shares Acquired on Exercise	Value Realized	Exercisable	Unexercisable	Exercisable	Unexercisable
Kevin J. Zugibe Chairman and Chief Executive Officer	--	--	649,834	182,666	$223,310	$92,327
Brian F. Coleman President and Chief Operating Officer	54,200	$60,982	343,729	82,821	$95,999	$62,178
James R. Buscemi Chief Financial Officer	41,780	$36,847	85,483	39,862	$25,276	$28,287

Charles F. Harkins, Jr. Vice President Sales	100,400	$40,928	148,582	58,206	$34,199	$44,289
Stephen P. Mandracchia Vice President Legal and Regulatory And Secretary	40,000	$26,400	156,388	41,737	$53,638	$31,287

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(1) Year-end values of unexercised in-the-money options represent the positive spread between the exercise price of such options and the year-end market value of the Common Stock of $1.73.

Compensation of Directors

Non-employee directors receive an annual fee of $7,000 and receive reimbursement for out-of-pocket expenses incurred for attendance at meetings of the Board of Directors and Board committee meetings. Independent directors serving on the Company's Audit Committee receive an additional annual fee of $1,000.

In addition to the standard annual director's remuneration, Mr. Schell receives $2,500 for serving as a director and a consultant to the Company.

In 2005, the Company granted to Harry C. Schell nonqualified options to purchase 20,000 shares of Common Stock at an exercise price of $0.94 per share. In addition, in 2005, the Company granted to each of Dominic J. Monetta, Otto C. Morch and Vincent P. Abbatecola, nonqualified options to purchase 10,000 shares of Common Stock at an exercise price of $0.94 per share.

Employment Agreements

The Company has entered into a two-year employment agreement with Kevin J. Zugibe, which expires in May 2007 and is automatically renewable for successive two-year terms unless notice of non-renewal is provided within 90 days of the then expiration date. Pursuant to the agreement, effective February 1, 2000, Mr. Zugibe is receiving an annual base salary of $141,000 with such increases and bonuses as the Board may determine and as of December 31, 2005 his annual salary was $170,000. During 2003, the Board of Directors and Mr. Zugibe agreed, at Mr. Zugibe's option, to reduce the cash compensation and issued an aggregate of 15,000 additional stock options to Mr. Zugibe in satisfaction of his annual base salary. The Company is the beneficiary of a "key-man" insurance policy on the life of Mr. Zugibe in the amount of $1,000,000.

Stock Option Plans

1994 Stock Option Plan

The Company adopted an Employee Stock Option Plan (the "1994 Plan") effective October 31, 1994 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 (the "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. The 1994 Plan expired on November 1, 2004.

ISOs granted under the 1994 Plan could 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). 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 stock option plans of the Company) may not exceed $100,000. Non-qualified options granted under the 1994 Plan could not be granted at a price less than 85% of the market value of the Common Stock on the date of grant. Options granted under the 1994 Plan will 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 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 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, 2005, the Company had options outstanding to purchase 318,266 shares of Common Stock under the 1994 Plan.

1997 Stock Option Plan

The Company has adopted the 1997 Stock Option Plan (the "1997 Plan"), pursuant to which 2,000,000 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. ISOs may be granted under the 1997 Plan to employees and officers of the Company. Nonqualified options 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.

The 1997 Plan is intended to qualify under Rule 16b-3 under the Securities Exchange Act of 1934 (the "Exchange Act") and is administered by the Compensation/Stock Option Committee of the Board of Directors. The Committee, within the limitations of the 1997 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. Unless the 1997 Plan is sooner terminated, the ability to grant options under the 1997 Plan will expire on June 11, 2007.

ISOs granted under the 1997 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). 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 stock option plans of the Company) may not exceed $100,000. Nonqualified options granted under the 1997 Plan may not be granted at a price less than the par value of the Common Stock. Options granted under the 1997 Plan will 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). Except as otherwise provided by the committee with respect to nonqualified options, 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 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, 2005, the Company had options outstanding to purchase 1,397,190 shares of Common Stock and 206,237 shares reserved under the 1997 Plan.

2004 Stock Incentive Plan

The Company has adopted the 2004 Stock Incentive Plan (the "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, or (ii)

nonqualified 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 the Company. Nonqualified 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.

The 2004 Plan is intended to qualify under Rule 16b-3 under the Exchange Act and is administered by the 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 under the 2004 Plan will expire on September 10, 2014.

Options 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). 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 stock option plans of the Company) may not exceed $100,000. 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 will 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). Except as otherwise provided by the Committee with respect to nonqualified options, all options, restricted stock, deferred stock or other stock-based awards granted under the 2004 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, 2005, the Company had options outstanding to purchase 788,829 shares of Common Stock and 1,710,00 shares reserved under the 2004 plan.

Item 11. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The following table sets forth information as of March 6, 2006 based on information obtained from the persons named below, with respect to the beneficial ownership of the Company's Common Stock by (i) each person known by the Company to be the beneficial owner of more than 5% of the Company's outstanding Common Stock, (ii) the Named Executives, (iii) each director of the Company, and (iv) all directors and executive officers of the Company as a group:

Name and Address of Beneficial Owner (1)	Amount and Nature of Beneficial Ownership (2)	Percentage of Common Shares Owned
Kevin J. Zugibe	943,318 (3)	3.5%

Brian F. Coleman	394,722	(4)	1.5%
James R. Buscemi	103,461	(5)	*
Charles F. Harkins, Jr.	173,973	(6)	*
Stephen P. Mandracchia	414,261	(7)	1.6%
Vincent P. Abbatecola	46,000	(8)	*
Robert L. Burr	--	(9)	*
Dominic J. Monetta	50,100	(8)	*
Otto C. Morch	40,009	(10)	*
Harry C. Schell	80,000	(11)	*
Robert M. Zech	5,000	(12)	*
Flemings Funds	19,280,242	(13)	74.1%
All directors and executive officers as a group (11 persons)	2,250,844	(14)	8.2%

* = Less than 1%

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(1) Unless otherwise indicated, the address of each of the persons listed above is the address of the Company, 275 North Middletown Road, Pearl River, New York 10965.

(2) A person is deemed to be the beneficial owner of securities that can be acquired by such person within 60 days from March 6, 2006. Each beneficial owner's percentage ownership is determined by assuming that options and warrants that are held by such person (but not held by any other person) and which are exercisable within 60 days from March 6, 2006 have been exercised. Unless otherwise noted, the Company believes that all persons named in the table have sole voting and investment power with respect to all shares of Common Stock beneficially owned by them.

(3) Includes (i) 45,000 shares which may be purchased at $2.375 per share; (ii) 65,000 shares which may be purchased at $2.551 per share; (iii) 15,000 shares which may be purchased at $2.50 per share; (iv) 15,000 shares which may be purchased at $1.90 per share;

(v) 15,000 shares which may be purchased at $1.40 per share; (vi) 25,000 shares which may be purchased at $1.14 per share; (vii) 87,500 shares which may be purchased at $1.13 per share; (viii) 193,750 shares which may be purchased at $1.15 per share; (ix) 16,407 shares which may be purchased at $0.83 per share; (x) 14,064 shares which may be purchased at $0.95 per share; (xi) 58,593 shares which may be purchased at $1.02 per share; (xii) 9,375 shares which

may be purchased at $0.87 per share; (xiii) 7,029 shares which may be purchased at $0.83 per share; (xiv) 18,750 shares which may be purchased at $2.15 per share; and (xv) 123,750 shares which may be purchased at $1.76 per share under immediately exercisable options.

(4) Includes (i) 100,000 shares which may be purchased at $2.551 per share; (ii) 25,300 shares which may be purchased at $1.14 per share; (iii) 75,000 shares which may be purchased at $1.13 per share; (iv) 17,188 shares which may be purchased at $1.15 per share; (v) 10,936 shares which may be purchased at $0.83 per share; (vi) 9,374 shares which may be purchased at $0.95 per share; (vii) 49,062 shares which may be purchased at $1.02 per share; (viii) 6,250 shares which may be purchased at $0.87 per share; (ix) 4,686 shares which may be purchased at $0.83 per share; (x) 12,500 shares which may be purchased at $2.15 per share; and (xi) 82,500 shares which may be purchased at $1.76 per share under immediately exercisable options. Also includes 1,926 Common Stock purchase warrants with an exercise price of $0.87 per share.

(5) Includes (i) 10,000 shares which may be purchased at $1.30 per share; (ii) 6,250 shares which may be purchased at $1.13 per share; (iii) 8,595 shares which may be purchased at $1.15 per share; (iv) 1,560 shares which may be purchased at $0.83 per share; (v) 4,560 shares which may be purchased at $0.95 per share; (vi) 19,531 shares which may be purchased at $1.02 per share; (vii) 3,125 shares which may be purchased at $0.87 per share; (viii) 2,340 shares which may be purchased at $0.83 per share; (ix) 6,250 shares which may be purchased at $2.15 per share; and (x) 41,250 shares which may be purchased at $1,76 per share under immediately exercisable options.

(6) Includes (i) 17,500 shares which may be purchased at $2.375 per share; (ii) 10,000 shares which may be purchased at $2.55 per share; (iii) 13,114 shares which may be purchased at $1.13 per share; (iv) 12,892 shares which may be purchased at $1.15 per share; (v) 8,201 shares which may be purchased at $0.83 per share; (vi) 7,030 shares which may be purchased at $0.95 per share; (vii) 29,298 shares which may be purchased at $1.02 per share; (viii) 2,345 shares which may be purchased at $0.87 per share; (ix) 2,343 shares which my be purchased at $0.83 per share; (x) 9,375 shares which may be purchased at $2.15 per share; and (xi) 61,875 shares which may be purchased at $1.76 per share under immediately exercisable options.

(7) Includes (i) 15,000 shares which may be purchased at $2.551 per share; (ii) 20,000 shares which may be purchased at $1.14 per share (iii) 40,000 shares which may be purchased at $1.13 per share; (iv) 8,595 shares which may be purchased at $1.15 per share; (v) 5,465 shares which may be purchased at $0.83 per share; (vi) 4,685 shares which may be purchased at $0.95 per share; (vii) 19,531 shares which may be purchased at $1.02 per share; (viii) 3,125 shares which may be purchased at $0.87 per share; (ix) 2,340 shares which may be purchased at $0.83 per share; (x) 6,250 shares which may be purchased at $2.15 per share; and (xi) 51,250 shares which may be purchased at $1.76 per share under immediately exercisable options. Also includes 6,420 Common Stock purchase warrants with an exercise price of $0.87 per share.

(8) Includes (i) 5,000 shares which may be purchased at $3.08 per share; (ii) 5,000 shares which may be purchased at $1.13 per share; (iii) 10,000 shares which may be purchased at $0.95 per share; and (iv) 10,000 shares which may be purchased at $0.94 per share under immediately exercisable options.

(9) Mr. Burr's share ownership excludes all shares of Common Stock beneficially owned by the Flemings Funds.

(10) Includes (i) 5,000 shares which may be purchased at $3.08 per share; (ii) 5,000 shares which may be purchased at $0.85 per share; (iii) 5,000 shares which may be purchased at $1.13 per share; (iv) 10,000 shares which may be purchased at $0.95 per share; and (v) 10,000 shares which may be purchased at $0.94 per share under immediately exercisable options.

(11) Includes (i) 10,000 shares which may be purchased at $3.08 per share; and (ii) 20,000 shares which may be purchased at $0.94 per share under immediately exercisable options.

(12) Includes 5,000 shares which may be purchased at $0.85 per share under immediately exercisable options. Mr. Zech's share ownership excludes all shares of Common Stock beneficially owned by the Flemings Funds.

(13) Fleming US Discovery Fund III, L.P. and Fleming US Discovery Offshore Fund III, L.P., and their general partner, Fleming US Discovery Partners, L.P. and its general partner, Fleming US Discovery Partners LLC, collectively referred to as ("Flemings Funds") are affiliates. The beneficial ownership of the Flemings Funds includes (i) 10,000 shares which may be purchased at $3.08 per share; (ii) 5,000 shares which may be purchased at $0.85 per share and (iii) 10,000 shares which may be purchased at $1.13 per share under immediately exercisable options. Also includes 51,358 Common Stock purchase warrants with an exercise price of $0.87 per share, and 66,435 Common Stock purchase warrants with an exercise price of $1.21 per share. Flemings Funds address is c/o JP Morgan Chase & Co., 1221 Avenue of the Americas, 40th Floor, New York, New York 10020, except for Fleming US Discovery Offshore Fund III, L.P. whose address is c/o Bank of Bermuda LTD., 6 Front Street, Hamilton HM11 Bermuda.

(14) Includes exercisable options to purchase 1,685,689 shares of Common Stock, and Common Stock purchase warrants to purchase 8,346 shares of Common Stock, owned by the directors and officers as a group. Excludes 19,280,242 shares beneficially owned by the Flemings Funds.

Equity Compensation Plan

The following table provides certain information with respect to all of the Company's equity compensation plans in effect as of December 31, 2005.

	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for issuance under equity compensation plans (excluding securities reflected in column a)
Plan Category	(a)	(b)	(c)
Equity compensation plans approved by security holders:	2,504,285	$ 1.65	1,916,237
Equity compensation plans not approved by security holders:	-	N/A	-
Total	2,504,285	$ 1.65	1,916,237

Item 12. Certain Relationships and Related Transactions

None

Item 13. 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 14, 2006. (13)
3.5	Certificate of Amendment of the Certificate of Incorporation dated March 16, 1999. (3)
3.6	Certificate of Correction of the Certificate of Amendment dated March 25, 1999. (3)
3.7	Certificate of Amendment of the Certificate of Incorporation dated March 29, 1999. (3)
3.8	Certificate of Amendment of the Certificate of Incorporation dated February 16, 2001. (5)
3.9	Amendment to Certificate of Incorporation dated January 3, 2003. (7)
10.1	Lease Agreement between the Company and Ramapo Land Co., Inc. (1)
10.2	Employment Agreement with Kevin J. Zugibe. (1) (*)
10.3	Assignment of patent rights from Kevin J. Zugibe to Registrant. (1)
10.4	Stock Purchase Agreement, Registration Rights Agreement and Stockholders Agreement dated March 30, 1999 between the Company and Fleming US Discovery Fund III, L.P. and Fleming US Discovery Offshore Fund III, L.P. (2)
10.5	1997 Stock Option Plan of the Company, as amended. (4) (*)
10.6	Stock Purchase Agreements dated February 16, 2001 between the Company and Fleming US Discovery Fund III, L.P. and Fleming US Discovery Offshore Fund III, L.P. (5)
10.7	First Amendment to Registration Rights Agreement dated February 16, 2001 between the Company and Fleming US Discovery Fund III, L.P. and Fleming US Discovery Offshore Fund III, L.P. (5)
10.8	First Amendment to Stockholders Agreement dated February 16, 2001 between the Company and Fleming US Discovery Fund III, L.P. and Fleming US Discovery Offshore Fund III, L.P. (5)
10.9	Certificate of Amendment of the Certificate of Incorporation of Hudson Technologies, Inc., dated March 20, 2002. (6)
10.10	First Amendment to Stock Purchase Agreements and Waiver, between Hudson Technologies, Inc. and Fleming US Discovery Fund III, L.P., dated March 5, 2002. (6)

10.11 First Amendment to Stock Purchase Agreements and Waiver, between Hudson Technologies, Inc. and Fleming US Discovery Offshore Fund III, L.P., dated March 5, 2002. (6)

10.12 1994 Stock Option Plan of the Company. (1)*

10.13 Form of Common Stock Purchase Warrants to be issued to Holders of 10% Subordinated Convertible Note dated December 20, 2002. (7)

10.14 Revolving Loan agreement dated May 30, 2003 between Hudson Technologies Company and Keltic Financial Partners, LP. (8)

10.15 Security Agreement dated May 30, 2003 between Hudson Technologies Company and Keltic Financial Partners, LP. (8)

10.16 Letter Agreement between the Company and Fleming US Discovery Fund III, L.P. and Fleming US Discovery Offshore Fund III, L.P. dated May 30, 2003. (8)

10.17 Amendment dated August 22, 2003 to Letter Agreement between the Company and Fleming US Discovery Fund III, L.P. and Fleming US Discovery Offshore Fund III; L.P. dated May 30, 2003. (8)

10.18 Incentive Stock Option Agreement made as of September 17, 2004 between the Company and Kevin J. Zugibe. (9)

10.19 Incentive Stock Option Agreement made as of September 17, 2004 between the Company and Brian F. Coleman. (9)

10.20 Incentive Stock Option Agreement made as of September 17, 2004 between the Company and Stephen P. Mandracchia. (9)

10.21 Incentive Stock Option Agreement made as of September 17, 2004 between the Company and Charles F. Harkins. (9)

10.22 Incentive Stock Option Agreement made as of September 17, 2004 between the Company and James R. Buscemi. (9)

10.23 Form of Incentive Stock Option Agreement under the 1997 Stock Option Plan of the Company with full vesting upon issuance. (9)

10.24 Form of Incentive Stock Option Agreement under the 1997 Stock Option Plan of the Company with options vesting in equal quarterly installments over two year period. (9)

10.25 Form of Non-Incentive Stock Option Agreement under the 1997 Stock Option Plan of the Company with full vesting upon issuance. (9)

10.26 2004 Stock Incentive Plan. *

10.27	Form of Incentive Stock Option Agreement under the 2004 Stock Incentive Plan of the Company with full vesting upon issuance. (10)
10.28	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. (10)
10.29	Form of Non-Incentive Stock Option Agreement under the 2004 Stock Incentive Plan of the Company with full vesting upon issuance. (10)
10.30	Contract for Sale of Real Estate, dated May 24, 2005, between Hudson Technologies Company and Busey Bank. (11)
10.31	Commercial Mortgage, dated May 27, 2005, between Hudson Technologies Company and Busey Bank. (11)
10.32	Commercial Installment Mortgage Note, dated May 27, 2005, between Hudson Technologies Company and Busey Bank. (11)
10.33	Lease Termination Agreement, dated December 15, 2005, between Hudson Technologies, Inc. and Ramapo Land Co., Inc.
10.34	Stipulation of Discontinuance, dated December 15, 2005, between Hudson Technologies, Inc. and Ramapo Land Co., Inc.
10.35	Fourth Amendment to the Revolving Loan Agreement, Promissory Notes and other Loan Documents, dated March 8, 2006, between Hudson Technologies Company and Keltic Financial Partners, LP.
14	Code of Business Conduct and Ethics. (12)
21	Subsidiaries of the Registrant.
23.1	Consent of BDO Seidman, LLP.
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
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.
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.

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(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 Report on Form 10-KSB for the year ended December 31, 1998.

(3) Incorporated by reference to the comparable exhibit filed with the Company's Report on Form 10-QSB for the quarter ended June 30, 1999.

(4) Incorporated by reference to the comparable exhibit filed with the Company's Report on Form 10-KSB for the year ended December 31, 1999.

(5) Incorporated by reference to the comparable exhibit filed with the Company's Report on Form 10-KSB for the year ended December 31, 2000.

(6) Incorporated by reference to the comparable exhibit filed with the Company's Report on Form 10-KSB for the year ended December 31, 2001.

(7) Incorporated by reference to the comparable exhibit filed with the Company's Report on Form 10-KSB for the year ended December 31, 2002.

(8) Incorporated by reference to the comparable exhibit filed with the Company's Registration Statement on Form SB-2 (No. 333-105128).

(9) Incorporated by reference to the comparable exhibit filed with the Company's Report on Form 10-QSB for the quarter ended September 30, 2004.

(10) Incorporated by reference to the comparable exhibit filed with the Company's Report on Form 10-KSB for the year ended December 31, 2004.

(11) Incorporated by reference to the comparable exhibit filed with the Company's Report on Form 10-QSB for the quarter ended June 30, 2005.

(12) Incorporated by reference to the comparable exhibit filed with the Company's Report on Form 8-K, dated December 13, 2005, and filed December 19, 2005.

(13) Incorporated by reference to the comparable exhibit filed with the Company's Report on Form 8-K, dated March 8, 2006, and filed March 14, 2006.

(*) Denotes Management Compensation Plan, agreement or arrangement.

Item 14. Principal Accountant Fees and Services

Audit Fees.

The aggregate fees billed by BDO Seidman, LLP for professional services rendered for the audit of the Company's annual financial statements for the years ended December 31, 2005 and 2004, the review of the financial statements included in the Company's Forms 10-QSB for 2005 and 2004 totaled $115,000 and $103,000, respectively.

Audit-Related Fees.

The Company did not utilize BDO Seidman, LLP for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements for the years ended December 31, 2005 and 2004.

Tax Fees.

The Company did not utilize BDO Seidman, LLP for professional services rendered for tax compliance, tax advice and tax planning for the years ended December 31, 2005 and 2004.

All Other Fees.

The Company did not utilize BDO Seidman, LLP for products and services, other than the services described in the paragraph caption "Audit Fees above for the years ended December 31, 2005 and 2004.

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 Seidman, LLP in 2005. 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 Seidman, LLP.

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, 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 27, 2006

In accordance with the Exchange Act, this report has been signed below by the following persons, on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date

/s/ Kevin J. Zugibe Kevin J. Zugibe	Chairman of the Board and Chief Executive Officer (Principal Executive Officer)	March 27, 2006
/s/ James R. Buscemi James R. Buscemi	Chief Financial Officer (Principal Financial and Accounting Officer)	March 27, 2006
/s/ Vincent P. Abbatecola Vincent P. Abbatecola	Director	March 27, 2006
/s/ Robert L. Burr Robert L. Burr	Director	March 27, 2006
/s/ Dominic J. Monetta Dominic J. Monetta	Director	March 27, 2006
/s/ Otto C. Morch Otto C. Morch	Director	March 27, 2006
/s/ Harry C. Schell Harry C. Schell	Director	March 27, 2006
/s/ Robert M. Zech Robert M. Zech	Director	March 27, 2006

Hudson Technologies, Inc.

Consolidated Financial Statements

Contents

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 sheet of Hudson Technologies, Inc. and subsidiaries as of December 31, 2005 and the related consolidated statements of income, stockholders' equity and cash flows for each of the two years in the period ended December 31, 2005. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated 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, 2005 and the results of their operations and their cash flows for each of the two years in the period ended December 31, 2005 in conformity with accounting principles generally accepted in the United States.

/s/ BDO Seidman, LLP

Valhalla, New York

March 3, 2006

Hudson Technologies, Inc. and subsidiaries

Consolidated Balance Sheet

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

	December 31, 2005
Assets	
Current assets:	
Cash and cash equivalents	$ 634
Trade accounts receivable - net	1,829
Inventories	6,145
Prepaid expenses and other current assets	168
Total current assets	8,776

Property, plant and equipment, less accumulated depreciation and amortization	2,774
Other assets	60
Intangible assets, less accumulated amortization	88
Total Assets	$11,698

Liabilities and Stockholders' Equity

Current liabilities:

Accounts payable and accrued expenses	$ 2,892
Accrued payroll	595
Short-term debt and current maturities of long-term debt	1,402
Total current liabilities	4,889
Long-term debt, less current maturities	1,219
Total Liabilities	6,108

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	--
Common stock, $0.01 par value; shares authorized 50,000,000;	
issued and outstanding 25,892,974	259
Additional paid-in capital	35,455
Accumulated deficit	(30,124)
Total Stockholders' Equity	5,590
Total Liabilities and Stockholders' Equity	$11,698

See accompanying Notes to the Consolidated Financial Statements.

Hudson Technologies, Inc. and subsidiaries

Consolidated Income Statements

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

	For the year ended December 31,	
	2005	**2004**
Revenues	$19,223	$14,613
Cost of sales	11,720	9,490

Gross Profit	7,503	5,123
Operating expenses:		
Selling and marketing	1,487	1,428
General and administrative	2,809	2,462
Depreciation and amortization	619	733
Total operating expenses	4,915	4,623
Operating income	2,588	500
Other income (expense):		
Interest expense	(303)	(341)
Other income	9	105
Total other income (expense)	(294)	(236)
Income before income taxes	2,294	264
Income taxes	24	--
Net income	2,270	264
Preferred stock dividends	--	(228)

Available for common shareholders	$ 2,270	$ 36
	========	========
Net income per common share - basic and diluted	$ 0.09	$ 0.00
	=======	=======
Weighted average number of shares outstanding - basic	25,590,698	21,388,102
	==========	==========
Weighted average number of shares outstanding - diluted	25,734,313	21,417,814
	==========	==========

See accompanying Notes to the Consolidated Financial Statements.

Hudson Technologies, Inc. and subsidiaries

Consolidated Statements of Stockholders' Equity

(Amounts in thousands, except for share amounts)

	Preferred Stock		Common Stock				
	Shares	Amount	Shares	Amount	Additional Paid-in Capital	Accumulated Deficit	Total
Balance at December 31, 2003	**125,085**	**$12,509**	**8,999,626**	**$90**	**$22,665**	**$(32,658)**	**$2,606**

Issuance of Common Stock upon exercise of stock options	--	--	120,500	1	128	--	129
Dividend paid in-kind on Series A Preferred Stock	4,455	445	--	--	(445)	--	--
Fees associated with Common Stock registration	--	--	--	--	(83)	--	(83)
Conversion of Preferred Stock to Common Stock	(129,540)	(12,954)	16,397,468	164	12,790	--	--
Net Income	--	--	--	--	--	264	264
Balance at December 31, 2004	**--**	**--**	**25,517,594**	**255**	**35,055**	**(32,394)**	**2,916**
Issuance of stock options for services	--	--	--	--	3	--	3
Issuance of Common Stock upon exercise of stock options	--	--	375,380	4	397	--	401
Net Income	--	--	--	--	--	2,270	2,270
Balance at December 31, 2005	**--**	**--**	**25,892,974**	**$ 259**	**$ 35,455**	**$(30,124)**	**$5,590**

See accompanying Notes to the Consolidated Financial Statements.

Hudson Technologies, Inc. and subsidiaries

Consolidated Statements of Cash Flows

Increase (Decrease) in Cash and Cash Equivalents

(Amounts in thousands)

	For the year ended December 31,	
	2005	**2004**
Cash flows from operating activities:		
Net income	$2,270	$264
Adjustments to reconcile net income		
to cash provided by operating activities:		
Depreciation and amortization	619	733
Allowance for doubtful accounts	120	120
Gain on sale of assets	--	(98)
Issuance of stock options for services	3	--
Changes in assets and liabilities:		
Trade accounts receivable	(210)	95
Inventories	(3,484)	(74)
Prepaid expenses and other current assets	139	(38)
Other assets	21	28

Accounts payable and accrued expenses	628	(174)
Cash provided by operating activities	106	856
Cash flows from investing activities:		
Proceeds from sale of property, plant and equipment	--	153
Additions to patents	(86)	(4)
Additions to property, plant, and equipment	(629)	(385)
Cash used by investing activities	(715)	(236)
Cash flows from financing activities:		
Proceeds from issuance of common stock - net	401	46
Proceeds (repayment) of short-term debt - net	218	(519)
Proceeds from long-term debt	171	25
Repayment of long-term debt	(162)	(213)
Cash provided (used) by financing activities	628	(661)
Increase (decrease) in cash and cash equivalents	19	(41)
Cash and equivalents at beginning of period	615	656
Cash and equivalents at end of period	$ 634	$ 615

Supplemental disclosure of cash flow information:		
Cash paid during period for interest	$ 303	$ 341
Supplemental schedule of non-cash investing and financing activities:		
In-kind payment of preferred stock dividends	$ --	$ 445
Mortgage in connection with purchase of property	$ 945	$ --

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, together with its subsidiaries (collectively, "Hudson" or the "Company"), 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) 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 operates through its wholly-owned subsidiary, Hudson Technologies Company.

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.

Reclassification

Certain account balances have been reclassified for comparative purposes.

Fair value of financial instruments

The carrying values of financial instruments including trade accounts receivable, and accounts payable approximate fair value at December 31, 2005, 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, 2005.

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 U.S. 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 are reduced by the established allowance for doubtful accounts. The allowance for doubtful accounts includes any accounts receivable balances that are determined to be uncollectable, along with a general reserve for the remaining accounts receivable balances. The Company may adjust its general or specific reserves based on factors that affect the collectibility of the accounts receivable balances.

For the year ended December 31, 2005 one customer accounted for 12% and one customer accounted for 11% of the Company's revenue. For the year ended December 31, 2004 one customer accounted for 12% 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 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 reclaimed 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 collectibility. 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:

Year Ended December 31,	**2005**	**2004**
(in thousands)		
Refrigerant and reclamation sales	$15,722	$10,366
RefrigerantSide® Services	3,501	4,247
Total	$19,223	$14,613

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 Company recognized a reserve allowance against the deferred tax benefit for prior period losses. The tax benefit associated with the Company's net operating loss carry forwards is recognized to the extent that the Company is expected to recognize net income. Certain states either do not allow or limit net operating loss carry forwards and as such the Company will be liable for certain state taxes even though for federal tax purposes the Company has net operating carry forwards and will not pay federal taxes.

Income per common and equivalent shares

Income per common share, Basic, is calculated based on the net income, less dividends on the outstanding Series A Preferred Stock, for the 2004 period of $228,000, divided by the weighted average number of shares outstanding. If dilutive, common equivalent shares (common shares assuming exercise of options and warrants) utilizing the treasury stock method are considered in the presentation of dilutive earnings per share. For the year ended December 31, 2005, the number of common equivalent shares included and excluded in the calculation of dilutive income per common share were 1,289,183 and 1,215,102, respectively. In 2005 and 2004, the effect of equivalent shares was not 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.

The Company participates in an industry that is highly regulated, changes in which could affect operating results. Currently the Company purchases virgin, non chlorofluorocarbon ("CFC") based, and reclaimable, primarily CFC based, refrigerants from suppliers and its customers. Effective January 1, 1996, the Clean Air Act (the "Act") prohibited the production of CFC refrigerants and limited

the production of hydrochlorofluorocarbons ("HCFC") refrigerants. Additionally, effective January 2004, the Act further limited the production of HCFC refrigerants and federal regulations were enacted which impose limitations on the importation of certain virgin HCFC refrigerants. Under the Act, production of certain 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. 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 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 and long-lived assets to be disposed of

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.

Stock options

The Company has historically used the intrinsic value method of accounting for employee stock options as permitted by SFAS No. 123, "Accounting for Stock-Based Compensation." Accordingly, compensation cost for stock options has been measured as the excess, if any, of the quoted market price of Company stock at the date of the grant over the amount the employee must pay to acquire the stock. The compensation cost is recognized over the vesting period of the options.

Both the stock-based employee compensation cost included in the determination of the net income as reported and the stock-based employee compensation cost that would have been included in the determination of net income if the fair value based method had been applied to all awards, as well as the resulting pro forma net income and net income per share using the fair value approach, are presented in the following table. These pro forma amounts may not be representative of future disclosures since the estimated fair value of stock options is amortized to expense over the vesting period, and additional options may be granted in future years.

Years ended December 31,	**2005**	**2004**

Pro forma results

(In thousands, except per share amounts)

Net income available for common shareholders:		
As reported	$ 2,270	$ 36
Total stock based employee compensation expense determined under fair value based method	926	384
Pro forma	$ 1,344	$ (348)
Income (loss) per common share-basic and diluted:		
As reported	$ 0.09	$ 0.00
Pro forma	$ 0.05	$ (0.01)

Recent accounting pronouncements

In November 2004, the Financial Accounting Standards Board ("FASB") issued FASB statement No. 151 ("SFAS 151"), which amends ARB No. 43 Chapter 4, which deals with the accounting for inventory pricing. The amendment provides greater clarity on costs that are to be included in the cost of inventory versus those costs which are considered period costs.

In December 2004, the FASB issued FASB statement No. 152 ("SFAS 152"). SFAS 152 addresses accounting for the sale of real estate and the cost associated with real estate projects.

In December 2004, the FASB issued FASB statement No. 153 ("SFAS 153"). SFAS 153 addresses accounting for non-monetary transactions.

SFAS 151, 152 and 153 are effective for fiscal years beginning after September 15, 2005. The Company does not believe that the adoption of these accounting pronouncements will have a material impact on the Company's financial position and results of operations.

In December 2004, the FASB issued a revision of FASB statement No. 123, ("Revised SFAS 123") which requires that the cost resulting from all share-based payment transactions be recognized in the financial statements. Revised SFAS 123 establishes fair value as the measurement objective in accounting for share-based payment arrangements. Revised SFAS 123 is effective as of the beginning of the first annual reporting period that begins after December 15, 2005. The

revised SFAS No. 123 may have a material effect on the Company's results of operations but not on the Company's financial position.

In May 2005, the FASB issued FASB statement No. 154 ("SFAS 154"). SFAS 154 addresses accounting for changes and error corrections. This statement is effective for fiscal years beginning after December 15, 2005. The Company does not believe that the adoption of the accounting pronouncement will have a material impact on the Company's financial position and results of operations.

Note 2 - Other income

For the year ended December 31, 2005 other income consisted of dividend income of $9,000. For the year ended December 31, 2004, other income of $105,000 consisted primarily of insurance proceeds.

Note 3 - Income taxes

During the year ended December 31, 2005, no federal income taxes were recognized on the income before taxes due to the utilization of net operating loss carry forwards ("NOL's") from prior periods. The tax provision of $24,000 reflects state income tax for those states that do not allow for or limit net operating loss carry forwards. During the year ended December 31, 2004, there was no income tax expense recognized on the income before taxes due to the utilization of NOL's from prior periods.

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

Year ended December 31,	**2005**	**2004**
(in percents)		
Income tax rates		
- Statutory U.S. Federal rate	34%	34%
- States, net U.S. benefits	4%	4%
- NOL utilization	(37%)	(38%)
Total	1%	-%

As of December 31, 2005, the Company has NOL's of approximately $28,000,000 expiring 2007 through 2024 for which a 100% valuation allowance has been recognized. Included in the NOL's are NOL's from Refrigerant Reclamation Corporation of America, acquired during 1995 in the amount of approximately $4,488,000, which are currently subject to annual limitations of approximately $367,000 and expire from 2007 through 2010. Limitations on the amount of the Company's net operating loss carry forwards, and on the annual limitations, could occur in the future upon the occurrence of certain events including, without limitation, a change in control of the Company.

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

December 31,	**2005**

(in thousands)

Deferred tax assets (liabilities)	
- Depreciation & amortization	$ 87
- Reserves for doubtful accounts	123
- Inventory reserve	42
- NOL	10,522
Subtotal	10,774
- Valuation allowance	(10,774)
Total	$ --

Note 4 - Trade accounts receivable - net

At December 31, 2005, trade accounts receivable are net of reserves for doubtful accounts of $323,000.

Note 5- Inventories

Inventories consist of the following:

December 31,	**2005**
(in thousands)	
Refrigerant and cylinders	$2,593
Packaged refrigerants	3,552
Total	$6,145

Note 6 - Property, plant, and equipment

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

December 31,	2005	Estimated Lives
(in thousands)		
Property, plant, & equipment		
- Land	$ 228	
- Buildings	830	39 years
- Building improvements	439	39 years
- Equipment	6,938	3-10 years
- Equipment under capital lease	146	7 years
- Vehicles	869	5 years
- Furniture & fixtures	206	7-8 years
- Leasehold improvements	416	3 years
- Equipment under construction	83	
Subtotal	10,155	
Accumulated depreciation & amortization	7,381	
Total	$ 2,774	

Note 7 - Short-term and long-term debt

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

December 31,	2005
(in thousands)	
Short-term & long-term debt	
Short-term debt:	

- Bank credit line	$ 1,265
- Long-term debt: current	137
Subtotal	1,402
Long-term debt:	
- Building mortgage	926
- Capital lease obligations	57
- Bank term loan	373
- Less: current maturities	(137)
Subtotal	1,219
Total short-term & long-term debt	$ 2,621

Bank credit line and term loan

On May 30, 2003, Hudson entered into a credit facility with Keltic Financial Partners, LLP ("Keltic") which provides for borrowings of up to $5,000,000. The facility consists of a revolving line of credit and a term loan. On March 8, 2006, the Company extended the maturity date of the facility by one year from May 30, 2006 to May 30, 2007. Advances under the revolving line of credit may not exceed $4,600,000 and are limited to (i) 85% of eligible trade accounts receivable and (ii) 50% of eligible inventory. Advances available to Hudson under the term loan may not exceed $400,000. At December 31, 2005, the facility bore interest at an interest rate

equal to 9.25%, which was the prime rate plus 2%. In connection with the March 8, 2006 extension, the interest rate on the loan was reduced to the prime rate plus 1% or 6.5%, at the option of Keltic, for the remainder of the term of the facility. Substantially all of Hudson's assets are pledged as collateral for its obligations to Keltic under the credit facility. In addition, among other things, the agreements restrict Hudson's ability to declare or pay any cash dividends on its capital stock. As of December 31, 2005, Hudson had in the aggregate $1,250,000 outstanding borrowings under the Keltic credit facility and $3,041,000 available for borrowing under the revolving line of credit. In addition, the Company had $373,000 of borrowings outstanding under its term loan with Keltic.

In May 2005, the Company purchased the Champaign, Illinois facility from its then owner for a total purchase price of $999,999. The Company has financed the purchase with a 15 year amortizing mortgage 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, 2005, the Company has approximately $926,000 outstanding under the loan.

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

Years ended December 31,	Amount
(in thousands)	
- 2006	$ 137
- 2007	354
- 2008	58
- 2009	52
- 2010 and after	755
Total	$1,356

Capital Lease Obligations

The Company rents certain equipment with a net book value of approximately $103,000 under leases which have been classified as capital leases. Scheduled future minimum lease payments under capital leases net of interest are as follows:

Years ended December 31,	Amount
(in thousands)	
- 2006	$ 23
- 2007	22
- 2008	15
- 2009	5
	65
Less Interest Expense	(8)
Total	$ 57

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Note 8 - Stockholders' equity

On December 19, 2003, the Company issued an aggregate of 163,357 note warrants to the holders of then outstanding notes and the note warrants expire on December 19, 2008. The exercise price for the 79,266 note warrants is $1.21 per share. The exercise price for the 84,091 note warrants $0.87 per share. As of December 31, 2005, 163,357 note warrants are outstanding. The Company recognized an original issue discount in the amount of $315,000 in connection with the issuance of note warrants and during the year ended December 31, 2004, the Company amortized $315,000 of the original issue discount as a component of interest expense.

Note 9 - Commitments and contingencies

Rents and operating leases

Hudson utilizes leased facilities and operates equipment under non-cancelable operating leases through March 31, 2011.

Properties

Location	Annual Rent	Lease Expiration Date
Auburn, Washington	$ 25,000	4/2006
Baton Rouge, Louisiana	$ 21,000	Month to Month
Charlotte, North Carolina	$ 61,000	11/2009
Fremont, New Hampshire	$ 13,500	6/2006
Hillburn, New York	$168,000	Month to Month
Orangeburg, New York	$161,000	3/2011
Pearl River, New York	$ 70,000	12/2007

The Company rents properties and various equipment under operating leases. Rent expense for the years ended December 31, 2005 and 2004 totaled approximately $478,000 and $559,000, respectively. 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:

Years ended December 31,	Amount
(in thousands)	

- 2006	$ 368
- 2007	298
- 2008	231
- 2009	229
- 2010 and after	212
Total	$1,338

Legal Proceedings

On April 1, 1999, the Company reported a release at the Company's 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, 2005, 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, 2008. 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.'s ("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.

Between April 2004 and September 2004, Ramapo Land Company ("Ramapo"), the lessor of the Company's Hillburn Facility, advised the Company that it had incurred approximately $80,000 in legal and consulting fees relating to the 1999 Release at the Hillburn Facility and requested reimbursement from the Company for these costs and for future costs that may be incurred in this regard. In September 2004, Ramapo advised the Company that the value of the real property upon which the Hillburn Facility is situated has been diminished in value by an unspecified amount as a result of the 1999 Release. In July 2005, the Company received a summons with notice in connection with an action commenced by Ramapo against the Company in the Supreme Court of the State of New York, Rockland County, seeking damages in the amount of $2,000,000 for an alleged and unspecified breach of contract (the "Rockland County Action"). In December 2005, Ramapo completed the sale of the Hillburn Facility to the Town of Ramapo and, in connection with that sale, the Company entered into a Lease Termination Agreement (the "Agreement") with Ramapo pursuant to which the Company paid Ramapo approximately $70,000 in exchange for a release from Ramapo "from any claims and causes of action which it has or may have including, without limitation, any claim for a reduction in the value" of the Hillburn Facility. Additionally, in December 2005, the Company entered into a Stipulation of Discontinuance (the "Stipulation") with Ramapo by which Ramapo agreed to dismiss with prejudice all claims asserted by Ramapo in the Rockland County Action. The execution of the Agreement and the Stipulation resolved all claims of Ramapo arising out of the 1999 Release.

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

During the year ended December 31, 2005, the Company incurred $84,000 in additional remediation costs in connection with the matters above and such amount has been included as a component of general and administrative expenses. There can be no assurance that the 1999 Release of R-11 refrigerant 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 expires in May 2007 and is automatically renewable for successive two-year terms unless notice of non-renewal is provided within 90 days of the then expiration date. Pursuant to the agreement, effective February 1, 2000, Mr. Zugibe is receiving an annual base salary of $141,000 with such increases and bonuses as the Board may determine and as of December 31, 2005 his annual salary is $170,000. 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 11 - Stock Option Plans

Effective October 31, 1994, the Company adopted an Employee Stock Option Plan ("1994 Plan") pursuant to which 725,000 shares of Common Stock are 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, or (ii) nonqualified options. ISOs may be granted under the 1994 Plan to employees and officers of the Company. Non-qualified options 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. The 1994 Plan expired on November 1, 2004.

Effective July 25, 1997, and as amended on August 19, 1999, the Company adopted its 1997 Employee Stock Option Plan ("1997 Plan") pursuant to which 2,000,000 shares of Common Stock are reserved for issuance upon the exercise of options designated as either (i) options intended to constitute ISOs under the Internal Revenue Code of 1986, as amended, or (ii) nonqualified options. ISOs may be granted under the 1997 Plan to employees and officers of the

Company. Non-qualified options 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 1997 Plan is sooner terminated, the ability to award options under the 1997 Plan will expire on June 11, 2007.

ISOs granted under the 1997 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). Non-qualified options granted under the 1997 Plan may not be granted at a price less than the par value of the Common Stock on the date of grant. Options granted under the 1997 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 September 10, 2004, the Company adopted its 2004 Stock Incentive Plan ("2004 Plan") pursuant to which 2,500,000 shares of Common Stock are reserved for issuance upon the exercise of options designated as either (i) options intended to constitute ISOs under the Internal Revenue Code of 1986, as amended, 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 award options 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). Non-qualified options 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. 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).

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.

On December 13, 2005, the Company's Board of Directors approved the acceleration of the vesting of certain unvested options awarded under the 1997 Plan on September 30, 2005 to the executive officers and to two other key employees of the Company. As a result of this action, options to purchase a total of 65,625 shares of the Company's Common Stock that were granted under the 1997 Plan on September 30, 2005, vested in full effective December 14, 2005. The closing market price of the Company's Common Stock on December 14, 2005 was $2.01. Since the exercise price of the options subject to acceleration was above the closing market price as of the effective date of the acceleration, the options subject to acceleration had no economic value to the holders on the date of acceleration, and the Company incurred no stock based compensation expense as a result of the acceleration of these options. The purpose of accelerating the vesting of these outstanding previously unvested options was to enable the Company to avoid recognizing stock based compensation expense associated with these options in future periods as required by Statement of Financial Accounting Standard No. 123 (revised 2004), "Share-Based Payment" ("SFAS 123(r)"), which was adopted in January 2006.

SFAS No. 123 requires the Company to provide pro forma information regarding net income (loss) and net income (loss) per share as if compensation cost for the Company's stock option plan had been determined in accordance with the fair value based method prescribed in SFAS No. 123. The Company estimates the fair value of each stock option at

the grant date by using the Black-Scholes option-pricing model with the following weighted-average assumptions used for grants since 1995.

Years ended December 31,	**2005**	**2004**
Assumptions		
Dividend Yield	0 %	0 %
Risk free interest rate	3.88 %	3.5 %
Expected volatility	60 %	50 %
Expected lives	5-10 years	5-10 years

A summary of the status of the Company's 1994, 1997 and 2004 Plans as of December 31, 2005 and 2004 and changes for the years ending on those dates is presented below:

Stock Option Plan Grants	**Shares**	**Weighted Average Exercise Price**
Outstanding at December 31, 2003	**1,700,902**	**$ 2.20**
• Granted	810,438	$ 0.94
• Forfeited	(103,950)	$ 2.35
• Exercised	(120,500)	$ 1.07
Outstanding at December 31, 2004	**2,286,890**	**$ 1.85**
• Granted	1,124,375	$ 1.40
• Forfeited	(531,600)	$ 2.37
• Exercised	(375,380)	$ 1.07
Outstanding at December 31, 2005	**2,504,285**	**$ 1.65**

Data summarizing year-end options exercisable and weighted average fair-value of options granted during the years ended December 31, 2005 and 2004 is shown below:

Options Exercisable

Year ended December 31,	**2005**	**2004**
Options exercisable at year-end	2,162,045	1,955,223
Weighted average exercise price	$1.76	$1.98
Weighted average fair value of options granted during the year	$1.40	$0.94

Options Exercisable at December 31, 2005

Range of Prices	**Number Outstanding**	**Weighted Average Exercise Price**
$0 to $2	1,531,768	$1.32
$2 to $4	630,277	$2.82
$0 to $4	2,162,045	$1.76

The following table summarizes information about stock options outstanding:

Options Outstanding At December 31, 2005

Range of Prices	**Number Outstanding**	**Weighted Average Remaining Contractual Life**	**Weighted Average Exercise Price**

$0 to $2	1,874,008	8.03 years	$ 1.26
$2 to $4	630,277	2.44 years	$ 2.82
$0 to $4	2,504,285	6.63 years	$ 1.65

Exhibit 10.26:

HUDSON TECHNOLOGIES, INC.

2004 Stock Incentive Plan

Section 1. Purposes; Definitions.

The purpose of the Hudson Technologies, Inc. 2004 Stock Incentive Plan is to enable Hudson Technologies, Inc. to offer to those of its employees and to the employees of its Subsidiaries and other persons who are expected to contribute to the success of the Company, long term performance-based stock and/or other equity interests in the Company, thereby enhancing their ability to attract, retain and reward such key employees or other persons, and to increase the mutuality of interests between those employees or other persons and the shareholders of Hudson Technologies, Inc.

For purposes of the Plan, the following terms shall be defined as set forth below:

a. "Board" means the Board of Directors of Hudson Technologies, Inc.
b. "Cause" shall have the meaning ascribed thereto in Section 5(b)(ix) below.
c. "Change of Control" shall have the meaning ascribed thereto in Section 9 below.
d. "Code" means the Internal Revenue Code of 1986, as amended from time to time and any successor thereto.
e. "Committee" means any committee of the Board, which the Board may designate.
f. "Company" means Hudson Technologies, Inc., a corporation organized under the laws of the State of New York.
g. "Deferred Stock" means Stock to be received, under an award made pursuant to Section 7 below, at the end of a specified deferral period.
h. "Disability" means disability as determined under procedures established by the Board or the Committee for purposes of the Plan.
i. "Early Retirement" means retirement, with the approval of the Board or the Committee, for purposes of one or more award(s) hereunder, from active employment with the Company or any Parent or Subsidiary prior to age 65.
j. "Exchange Act" means the Securities Exchange Act of 1934, as amended, as in effect from time to time.
k. "Fair Market Value", unless otherwise required by any applicable provision of the Code or any regulations issued thereunder, means, as of any given date: (i) if the principal market for the Stock is a national securities exchange or the National Association of Securities Dealers Automated Quotations System ("NASDAQ) or the Over The Counter Bulletin Board, the closing sale price of the Stock on such day as reported by such exchange or market system or quotation medium, or on a consolidated tape reflecting transactions on such exchange or market system or quotation medium, or (ii) if the principal market for the Stock is not a national securities exchange and the Stock is not quoted on NASDAQ or the Over The Counter Bulletin Board, the mean between the closing bid sale price for the Stock on such day as reported by NASDAQ or the National Quotation Bureau, Inc.; provided that if clauses (i) and (ii) of this paragraph are both inapplicable, or if no trades have been made or no quotes are available for such day, the Fair Market Value of the Stock shall be determined by the Board of Directors or the Committee, as the case may be, which determination shall be conclusive as to the Fair Market Value of the Stock.
l. "Incentive Stock Option" means any Stock Option which is intended to be and is designated as an "incentive stock option" within the meaning of Section 422 of the Code, or any successor thereto.
m. "Non-Qualified Stock Option" means any Stock Option that is not an Incentive Stock Option.
n. "Normal Retirement" means retirement from active employment with the Company or any Subsidiary on or after age 65.
o. "Other Stock-Based Award" means an award under Section 8 below that is valued in whole or in part by reference to, or is otherwise based upon, Stock.
p. "Parent" means any present or future parent of the Company, as such term is defined in Section 424(e) of the Code, or any successor thereto.
q. "Plan" means this Hudson Technologies, Inc. 2004 Stock Incentive Plan, as hereinafter amended from time to time.
r. "Restricted Stock" means Stock, received under an award made pursuant to Section 6 below, that is subject to restrictions imposed pursuant to said Section 6.
s. "Retirement" means Normal Retirement or Early Retirement.
t. "Rule 16b-3" means Rule 16b-3 of the General Rules and Regulations under the Exchange Act, as in effect from time to time, and any successor thereto.
u. "Securities Act" means the Securities Act of 1933, as amended, as in effect from time to time.
v. "Stock" means the Common Stock of the Company, $.01 par value per share.
w. "Stock Option" or "Option" means any option to purchase shares of Stock which is granted pursuant to the Plan.

x. "Subsidiary" means any present or future (A) subsidiary corporation of the Company, as such term is defined in Section 424(f) of the Code, or any successor thereto, or (B) unincorporated business entity in which the Company owns, directly or indirectly, 50% or more of the voting rights, capital or profits.

Section 2. Administration.

The Plan shall be administered by the Board, or at its discretion, the Committee, the membership of which shall consist solely of two or more members of the Board, each of whom shall serve at the pleasure of the Board and shall be a "Non-Employee Director," as defined in Rule 16b-3 and outside director under Section 162(m) of the Code and shall be at all times constituted so as not to adversely affect the compliance of the Plan with the requirements of Rule 16b-3 or with the requirements of any other applicable law, rule or regulation.

The Board or the Committee, as the case may be, shall have the authority to grant, pursuant to the terms of the Plan, to officers and other employees or other persons eligible under Section 4 below: (i) Stock Options, (ii) Restricted Stock, (iii) Deferred Stock, and/or (iv) Other Stock-Based Awards.

For purposes of illustration and not of limitation, the Board or the Committee, as the case may be, shall have the authority (subject to the express provisions of the Plan):

i. to select the officers, other employees of the Company or any Parent or Subsidiary and other persons to whom Stock Options, Restricted Stock, Deferred Stock and/or Other Stock-Based Awards may be from time to time granted hereunder;
ii. to determine the Incentive Stock Options, Non-Qualified Stock Options, Restricted Stock, Deferred Stock and/or Other Stock-Based Awards, or any combination thereof, if any, to be granted hereunder to one or more eligible persons;
iii. to determine the number of shares of Stock to be covered by each award granted hereunder;
iv. to determine the terms and conditions, not inconsistent with the terms of the Plan, of any award granted hereunder (including, but not limited to, share price, any restrictions or limitations, and any vesting acceleration, exercisability and/or forfeiture provisions);
v. to determine the terms and conditions under which awards granted hereunder are to operate on a tandem basis and/or in conjunction with or apart from other awards made by the Company or any Parent or Subsidiary outside of the Plan;
vi. to determine the extent and circumstances under which Stock and other amounts payable with respect to an award hereunder shall be deferred; and
vii. to substitute (A) new Stock Options for previously granted Stock Options, including previously granted Stock Options having higher option exercise prices and/or containing other less favorable terms, and (B) new awards of any other type for previously granted awards of the same type, including previously granted awards which contain less favorable terms.

Subject to Section 10 hereof, The Board or the Committee, as the case may be, shall have the authority to (i) adopt, alter and repeal such administrative rules, guidelines and practices governing the Plan as it shall, from time to time, deem advisable, (ii) interpret the terms and provisions of the Plan and any award issued under the Plan (and to determine the form and substance of all agreements relating thereto), and (iii) to otherwise supervise the administration of the Plan.

Subject to the express provisions of the Plan, all decisions made by the Board or the Committee, as the case may be, pursuant to the provisions of the Plan shall be made in the Board or the Committee's sole and absolute discretion and shall be final and binding upon all persons, including the Company, its Parent and Subsidiaries and the Plan participants.

Section 3. Stock Subject to Plan.

The total number of shares of Stock reserved and available for distribution under the Plan shall be Two Million, Five Hundred Thousand (2,500,000) shares. Such shares may consist, in whole or in part, of authorized and unissued shares or treasury shares.

If any shares of Stock that have been optioned cease to be subject to a Stock Option for any reason, or if any shares of Stock that are subject to any Restricted Stock award, Deferred Stock award or Other Stock-Based award are forfeited or any such award otherwise terminates without the issuance of such shares, such shares shall again be available for distribution under the Plan.

In the event of any merger, reorganization, consolidation, recapitalization, stock dividend, stock split, extraordinary distribution with respect to the Stock or other change in corporate structure affecting the Stock, such substitution or adjustments shall be made in the (A) aggregate number of shares of Stock reserved for issuance under the Plan, (B) number, kind and exercise price of shares of Stock subject to outstanding Options granted under the Plan, and (C) number, kind, purchase price and/or appreciation base of shares of Stock subject to other outstanding awards granted under the Plan, as may be determined to be appropriate by the Board or the Committee, as the case may be, in order to prevent dilution or enlargement of rights; provided, however, that the number of shares of Stock subject to any award shall always be a whole number. Such adjusted exercise price shall also be used to determine the amount which is payable to the optionee upon the exercise by the Board or the Committee, as the case may be, of the alternative settlement right which is set forth in Section 5(b)(xi) below.

Subject to the provisions of the immediately preceding paragraph, the maximum numbers of shares subject to Options, Restricted Stock awards, Deferred Stock awards, and other Stock-Based awards to each of the Company's chief executive officer and the four other highest compensated executive officers who are employed by the Company on the last day of any taxable year of the Company, shall be One Million, Two Hundred Fifty Thousand (1,250,000) shares during the term of the Plan.

Section 4. Eligibility.

Officers and other employees of the Company or any Parent or Subsidiary (but excluding any person whose eligibility would adversely affect the compliance of the Plan with the requirements of Rule 16b-3) who are at the time of the grant of an award under the Plan employed by the Company or any Parent or Subsidiary and who are responsible for or contribute to the management, growth and/or profitability of the business of the Company or any Parent or Subsidiary, are eligible to be granted Options and awards under the Plan. In addition, Non-Qualified Stock Options and other awards may be granted under the Plan to any person, including, but not limited to, directors, independent agents, consultants and attorneys who the Board or the Committee, as the case may be, believes has contributed or will contribute to the success of the Company. Eligibility under the Plan shall be determined by the Board or the Committee, as the case may be.

The Board or the Committee, as the case may be, may, in its sole discretion, include additional conditions and restrictions in the agreement entered into in connection with such awards under the Plan. The grant of an Option or other award under the Plan, and any determination made in connection therewith, shall be made on a case by case basis and can differ among optionees and grantees. The grant of an Option or other award under the Plan is a privilege and not a right and the determination of the Board or the Committee, as the case may be, can be applied on a non-uniform (discretionary) basis.

Section 5. Stock Options.

a. Grant and Exercise.
Stock Options granted under the Plan may be of two types: (i) Incentive Stock Options and (ii) Non-Qualified Stock Options. Any Stock Option granted under the Plan shall contain such terms as the Board or the Committee, as the case may be, may from time to time approve. The Board or the Committee, as the case may be, shall have the authority to grant to any optionee Incentive Stock Options, Non-Qualified Stock Options, or both types of Stock Options, and they may be granted alone or in addition to other awards granted under the Plan. To the extent that any Stock Option is not designated as an Incentive Stock Option or does not qualify as an Incentive Stock Option, it shall constitute a Non-Qualified Stock Option. The grant of an Option shall be deemed to have occurred on the date on which the Board or the Committee, as the case may be, by resolution, designates an individual as a grantee thereof, and determines the number of shares of Stock subject to, and the terms and conditions of, said Option.

Anything in the Plan to the contrary notwithstanding, no term of the Plan relating to Incentive Stock Options or any agreement providing for Incentive Stock Options shall be interpreted, amended or altered, nor shall any discretion or authority granted under the Plan be exercised, so as to disqualify the Plan under Section 422 of the Code, or, without the consent of the optionee(s) affected, to disqualify any Incentive Stock Option under said Section 422.

h. Terms and Conditions
. Stock Options granted under the Plan shall be subject to the following terms and conditions:

i. Option Price
. The option price per share of Stock purchasable under a Stock Option shall be determined by the Board or the Committee, as the case may be, at the time of grant but as to Incentive Stock Options and Non-Qualified Stock Options shall be not less than 100% (110% in the case of an Incentive Stock Option granted to an optionee ("10% Shareholder") who, at the time of grant, owns Stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or its Parent, if any, or its Subsidiaries) of the Fair Market Value of the Stock at the time of grant.

ii. Option Term.

The term of each Stock Option shall be fixed by the Board or the Committee, as the case may be, but no Incentive Stock Option shall be exercisable more than ten years (five years, in the case of an Incentive Stock Option granted to a 10% Shareholder) after the date on which the Option is granted.

iii. **Exercisability.**

Stock Options shall be exercisable at such time or times and subject to such terms and conditions as shall be determined by the Board or the Committee, as the case may be. If the Board or the Committee, as the case may be, provides, in its discretion, that any Stock Option is exercisable only in installments, the Board or the Committee, as the case may be, may waive such installment exercise provisions at any time at or after the time of grant in whole or in part, based upon such factors as the Board or the Committee, as the case may be, shall determine.

iv. **Method of Exercise.**

Subject to whatever installment, exercise and waiting period provisions are applicable in a particular case, Stock Options may be exercised in whole or in part at any time during the option period by giving written notice of exercise to the Company specifying the number of shares of Stock to be purchased. Such notice shall be accompanied by payment in full of the purchase price, which shall be in cash or, if provided in the Stock Option agreement referred to in Section 5(b)(xii) below or otherwise provided by the Board, or Committee, as the case may be, either at or after the date of grant of the Stock Option, in whole shares of Stock which are already owned by the holder of the Option or partly in cash and partly in such Stock. Cash payments shall be made by wire transfer, certified or bank check or personal check, in each case payable to the order of the Company; provided, however, that the Company shall not be required to deliver certificates for shares of Stock with respect to which an Option is exercised until the Company has confirmed the receipt of good and available funds in payment of the purchase price thereof. If permitted, payments in the form of Stock (which shall be valued at the Fair Market Value of a share of Stock on the date of exercise) shall be made by delivery of stock certificates in negotiable form which are effective to transfer good and valid title thereto to the Company, free of any liens or encumbrances. In addition to the foregoing, payment of the exercise price may be made by delivery to the Company by the optionee of an executed exercise form, together with irrevocable instructions to a broker-dealer to sell or margin a sufficient portion of the shares covered by the option and deliver the sale or margin loan proceeds directly to the Company. Except as otherwise expressly provided in the Plan or in the Stock Option agreement referred to in Section 5(b)(xii) below or otherwise provided by the Board or Committee, as the case may be, either at or after the date of grant of the Option, no Option which is granted to a person who is at the time of grant an employee of the Company or of a Subsidiary or Parent of the Company may be exercised at any time unless the holder thereof is then an employee of the Company or of a Parent or a Subsidiary. The holder of an Option shall have none of the rights of a shareholder with respect to the shares subject to the Option until the optionee has given written notice of exercise, has paid in full for those shares of Stock and, if requested by the Board or Committee, as the case may be, has given the representation described in Section 12(a) below.

v. **Transferability; Exercisability.**

No Stock Option shall be transferable by the optionee other than by will or by the laws of descent and distribution, except as may be otherwise provided with respect to a Non-Qualified Option pursuant to the specific provisions of the Stock Option agreement pursuant to which it was issued as referred to in Section 5(b)(xii) below (which agreement may be amended, from time to time). Except as otherwise provided in the Stock Option agreement relating to a Non-Qualified Stock Option, all Stock Options shall be exercisable, during the optionee's lifetime, only by the optionee or his or her guardian or legal representative.

vi. **Termination by Reason of Death.**

Subject to Section 5(b)(x) below, if an optionee's employment by the Company or any Parent or Parent or Subsidiary terminates by reason of death, any Stock Option held by such optionee may thereafter be exercised, to the extent then exercisable or on such accelerated basis as the Board or Committee, as the case may be, may determine at or after the time of grant, for a period of one year (or such other period as the Board or the Committee, as the case may be, may specify at or after the time of grant) from the date of death or until the expiration of the stated term of such Stock Option, whichever period is the shorter.

vii. **Termination by Reason of Disability.**

Subject to Section 5(b)(x) below, if an optionee's employment by the Company or any Parent or Subsidiary terminates by reason of Disability, any Stock Option held by such optionee may thereafter be exercised by the optionee, to the extent it was exercisable at the time of termination or on such accelerated basis as the Board or the Committee, as the case may be, may determine at or after the time of grant, for a period of one year (or such other period as the Board or the Committee, as the case may be, may specify at or after the time of grant) from the date of such termination of employment or until the expiration of the stated term of such Stock Option, whichever period is the shorter; provided, however, that if the optionee dies within such one year period (or such other period as the Board or the Committee, as the case may be, shall specify at or after the time of grant), any unexercised Stock Option held by such optionee shall thereafter be exercisable to the extent to which it was exercisable at the time of death for a period of one year from the date of death or until the expiration of the stated term of such Stock Option, whichever period is the shorter.

viii. **Termination by Reason of Retirement.**
Subject to Section 5(b)(x) below, if an optionee's employment by the Company or any Parent or Subsidiary terminates by reason of Normal Retirement, any Stock Option held by such optionee may thereafter be exercised by the optionee, to the extent it was exercisable at the time of termination or on such accelerated basis as the Board or the Committee, as the case may be, may determine at or after the time of grant, for a period of one year (or such other period as the Board or the Committee, as the case may be, may specify at or after the time of grant) from the date of such termination of employment or the expiration of the stated term of such Stock Option, whichever period is the shorter; provided, however, that if the optionee dies within such one year period (or such other period as the Board or the Committee, as the case may be, shall specify at or after the date of grant), any unexercised Stock Option held by such optionee shall thereafter be exercisable to the extent to which it was exercisable at the time of death for a period of one year from the date of death or until the expiration of the stated term of such Stock Option, whichever period is the shorter. If an optionee's employment with the Company or any Parent or Subsidiary terminates by reason of Early Retirement, the Stock Option shall thereupon terminate; provided, however, that if the Board or the Committee, as the case may be, so approves at the time of Early Retirement, any Stock Option held by the optionee may thereafter be exercised by the optionee as provided above in connection with termination of employment by reason of Normal Retirement.

ix. **Other Termination.**
Subject to the provisions of Section 12(g) below and unless otherwise determined by the Board or Committee, as the case may be, at or after the time of grant, if an optionee's employment by the Company or any Parent or Subsidiary terminates for any reason other than death, Disability or Retirement, the Stock Option shall thereupon automatically terminate, except that if the optionee is involuntarily terminated by the Company or any Parent or a Subsidiary without Cause (as hereinafter defined), such Stock Option may be exercised for a period of three months (or such other period as the Board or the Committee, as the case may be, shall specify at or after the time of grant) from the date of such termination or until the expiration of the stated term of such Stock Option, whichever period is shorter. For purposes of the Plan, "Cause" shall mean (1) the conviction of the optionee of a felony under Federal law or the law of the state in which such action occurred, (2) dishonesty by the optionee in the course of fulfilling his or her employment duties, or (3) the failure on the part of the optionee to perform his or her employment duties in any material respect. In addition, with respect to an option granted to an employee of the Company, a Parent or a Subsidiary, for purposes of the Plan, "Cause" shall also include any definition of "Cause" contained in any employment agreement between the optionee and the Company, Parent or Subsidiary, as the case may be.

x. **Additional Incentive Stock Option Limitation**
. In the case of an Incentive Stock Option, the aggregate Fair Market Value of Stock (determined at the time of grant of the Option) with respect to which Incentive Stock Options are exercisable for the first time by an optionee during any calendar year (under all such plans of optionee's employer corporation and its Parent and Subsidiaries) shall not exceed $100,000.

xi. **Alternative Settlement of Option.**
If provided for, upon the receipt of written notice of exercise or otherwise provided for by the Board or Committee, as the case may be, either at or after the time of grant of the Stock Option, the Board or the Committee, as the case may be, may elect to settle all or part of any Stock Option by paying to the optionee an amount, in cash or Stock (valued at Fair Market Value on the date of exercise), equal to the product of the excess of the Fair Market Value of one share of Stock, on the date of exercise over the Option exercise price, multiplied by the number of shares of Stock with respect to which the optionee proposes to exercise the Option. Any such settlements which relate to Options which are held by optionees who are subject to Section 16(b) of the Exchange Act shall comply with any "window period" provisions of Rule 16b-3, to the extent applicable, and with such other conditions as the Board or Committee, as the case may be, may impose.

xii. **Stock Option Agreement.**
Each grant of a Stock Option shall be confirmed by, and shall be subject to the terms of, an agreement executed by the Company and the participant.

Section 6. Restricted Stock.

a. **Grant and Exercise**
. Shares of Restricted Stock may be issued either alone or in addition to or in tandem with other awards granted under the Plan. The Board or the Committee, as the case may be, shall determine the eligible persons to whom, and the time or times at which, grants of Restricted Stock will be made, the number of shares to be awarded, the price (if any) to be paid by the recipient, the time or times within which such awards may be subject to forfeiture (the "Restriction Period"), the vesting schedule and rights to acceleration thereof, and all other terms and conditions of the awards. The Board or the Committee,

as the case may be, may condition the grant of Restricted Stock upon the attainment of such factors as the Board or the Committee, as the case may be, may determine.

m. Terms and Conditions.

Each Restricted Stock award shall be subject to the following terms and conditions:

i. Restricted Stock, when issued, will be represented by a stock certificate or certificates registered in the name of the holder to whom such Restricted Stock shall have been awarded. During the Restriction Period, certificates representing the Restricted Stock and any securities constituting Retained Distributions (as defined below) shall bear a restrictive legend to the effect that ownership of the Restricted Stock (and such Retained Distributions), and the enjoyment of all rights related thereto, are subject to the restrictions, terms and conditions provided in the Plan and the Restricted Stock agreement referred to in Section 6(b)(iv) below. Such certificates shall be deposited by the holder with the Company, together with stock powers or other instruments of assignment, endorsed in blank, which will permit transfer to the Company of all or any portion of the Restricted Stock and any securities constituting Retained Distributions that shall be forfeited or that shall not become vested in accordance with the Plan and the applicable Restricted Stock agreement.

ii. Restricted Stock shall constitute issued and outstanding shares of Common Stock for all corporate purposes, and the issuance thereof shall be made for at least the minimum consideration (if any) necessary to permit the shares of Restricted Stock to be deemed to be fully paid and nonassessable. The holder will have the right to vote such Restricted Stock, to receive and retain all regular cash dividends and other cash equivalent distributions as the Board may in its sole discretion designate, pay or distribute on such Restricted Stock and to exercise all other rights, powers and privileges of a holder of Stock with respect to such Restricted Stock, with the exceptions that (A) the holder will not be entitled to delivery of the stock certificate or certificates representing such Restricted Stock until the Restriction Period shall have expired and unless all other vesting requirements with respect thereto shall have been fulfilled; (B) the Company will retain custody of the stock certificate or certificates representing the Restricted Stock during the Restriction Period; (C) other than regular cash dividends and other cash equivalent distributions as the Board may in its sole discretion designate, pay or distribute, the Company will retain custody of all distributions ("Retained Distributions") made or declared with respect to the Restricted Stock (and such Retained Distributions will be subject to the same restrictions, terms and conditions as are applicable to the Restricted Stock) until such time, if ever, as the Restricted Stock with respect to which such Retained Distributions shall have been made, paid or declared shall have become vested and with respect to which the Restriction Period shall have expired; (D) the holder may not sell, assign, transfer, pledge, exchange, encumber or dispose of the Restricted Stock or any Retained Distributions during the Restriction Period; and (E) a breach of any of the restrictions, terms or conditions contained in the Plan or the Restricted Stock agreement referred to in Section 6(b)(iv) below, or otherwise established by the Board or Committee, as the case may be, with respect to any Restricted Stock or Retained Distributions will cause a forfeiture of such Restricted Stock and any Retained Distributions with respect thereto.

iii. Upon the expiration of the Restriction Period with respect to each award of Restricted Stock and the satisfaction of any other applicable restrictions, terms and conditions (A) all or part of such Restricted Stock shall become vested in accordance with the terms of the Restricted Stock agreement referred to in Section 6(b)(iv) below, and (B) any Retained Distributions with respect to such Restricted Stock shall become vested to the extent that the Restricted Stock related thereto shall have become vested. Any such Restricted Stock and Retained Distributions that do not vest shall be forfeited to the Company and the holder shall not thereafter have any rights with respect to such Restricted Stock and Retained Distributions that shall have been so forfeited.

iv. Each Restricted Stock award shall be confirmed by, and shall be subject to the terms of, an agreement executed by the Company and the participant.

Section 7. Deferred Stock.

a. Grant and Exercise.

Deferred Stock may be awarded either alone or in addition to or in tandem with other awards granted under the Plan. The Board or the Committee, as the case may be, shall determine the eligible persons to whom and the time or times at which Deferred Stock shall be awarded, the number of shares of Deferred Stock to be awarded to any person, the duration of the period (the "Deferral Period") during which, and the conditions under which, receipt of the Deferred Stock will be deferred, and all the other terms and conditions of the awards. The Board or the Committee, as the case may be, may condition the grant of the Deferred Stock upon the attainment of such factors or criteria as the Board or the Committee, as the case may be, shall determine.

e. Terms and Conditions.

Each Deferred Stock award shall be subject to the following terms and conditions:

i. Subject to the provisions of the Plan and Deferred Stock agreement referred to in Section 7(b)(vii) below, Deferred Stock awards may not be sold, assigned, transferred, pledged or otherwise encumbered during the Deferral Period. At the expiration of the Deferral Period (or the Additional Deferral Period referred to in Section

7(b)(vi) below, where applicable), share certificates shall be delivered to the participant, or his legal representative, in a number equal to the shares of Stock covered by the Deferred Stock award.

ii. As determined by the Board or the Committee, as the case may be, at the time of award, amounts equal to any dividends declared during the Deferral Period (or the Additional Deferral Period referred to in Section 7(b)(vi) below, where applicable) with respect to the number of shares covered by a Deferred Stock award may be paid to the participant currently or deferred and deemed to be reinvested in additional Deferred Stock.

iii. Subject to the provisions of the Deferred Stock agreement referred to in Section 7(b)(vii) below and this Section 7 and Section 12(g) below, upon termination of a participant's employment with the Company or any Parent or Subsidiary for any reason during the Deferral Period (or the Additional Deferral Period referred to in Section 7(b)(vi) below, where applicable) for a given award, the Deferred Stock in question will vest or be forfeited in accordance with the terms and conditions established by the Board or the Committee, as the case may be, at the time of grant.

iv. The Board or the Committee, as the case may be, may, after grant, accelerate the vesting of all or any part of any Deferred Stock award and/or waive the deferral limitations for all or any part of a Deferred Stock award.

v. In the event of hardship or other special circumstances of a participant whose employment with the Company or any Parent or Subsidiary is involuntarily terminated (other than for Cause), the Board or the Committee, as the case may be, may waive in whole or in part any or all of the remaining deferral limitations imposed hereunder or pursuant to the Deferred Stock agreement referred to in Section 7(b)(vii) below with respect to any or all of the participant's Deferred Stock.

vi. A participant may request to, and the Board or the Committee, as the case may be, may at any time, defer the receipt of an award (or an installment of an award) for an additional specified period or until a specified period or until a specified event (the "Additional Deferral Period"). Subject to any exceptions adopted by the Board or the Committee, as the case may be, such request must be made at least one year prior to expiration of the Deferral Period for such Deferred Stock award (or such installment).

vii. Each Deferred Stock award shall be confirmed by, and shall be subject to the terms of, an agreement executed by the Company and the participant.

Section 8. Other Stock-Based Awards.

a. Grant and Exercise.

Other Stock-Based Awards, which may include performance shares and shares valued by reference to the performance of the Company or any Parent or Subsidiary, may be granted either alone or in addition to or in tandem with Stock Options, Restricted Stock or Deferred Stock. The Board or the Committee, as the case may be, shall determine the eligible persons to whom, and the time or times at which, such awards shall be made, the number of shares of Stock to be awarded pursuant to such awards, and all other terms and conditions of the awards. The Board or the Committee, as the case may be, may also provide for the grant of Stock under such awards upon the completion of a specified performance period.

h. Terms and Conditions.

Each Other Stock-Based Award shall be subject to the following terms and conditions:

i. Shares of Stock subject to an Other Stock-Based Award may not be sold, assigned, transferred, pledged or otherwise encumbered prior to the date on which the shares are issued, or, if later, the date on which any applicable restriction or period of deferral lapses.

ii. The recipient of an Other Stock-Based Award shall be entitled to receive, currently or on a deferred basis, dividends or dividend equivalents with respect to the number of shares covered by the award, as determined by the Board or the Committee, as the case may be, at the time of the award. The Board or the Committee, as the case may be, may provide that such amounts (if any) shall be deemed to have been reinvested in additional Stock.

iii. Any Other Stock-Based Award and any Stock covered by any Other Stock-Based Award shall vest or be forfeited to the extent so provided in the award agreement referred to in Section 8(b)(v) below, as determined by the Board or the Committee, as the case may be.

iv. In the event of the participant's Retirement, Disability or death, or in cases of special circumstances, the Board or the Committee, as the case may be, may waive in whole or in part any or all of the limitations imposed hereunder (if any) with respect to any or all of an Other Stock-Based Award.

v. Each Other Stock-Based Award shall be confirmed by, and shall be subject to the terms of, an agreement executed by the Company and by the participant.

Section 9. Change of Control Provisions.

a. A "Change of Control" shall be deemed to have occurred on the tenth day after:

i. any individual, corporation or other entity or group (as defined in Section 13(d)(3) of the Exchange Act), becomes, directly or indirectly, the beneficial owner (as defined in the General Rules and Regulations of the Securities and Exchange Commission with respect to Sections 13(d) and 13(g) of the Exchange Act) of more

than 50% of the then outstanding shares of the Company's capital stock entitled to vote generally in the election of directors of the Company; or

ii. the commencement of, or the first public announcement of the intention of any individual, firm, corporation or other entity or of any group (as defined in Section 13(d)(3) of the Exchange Act) to commence, a tender or exchange offer subject to Section 14(d)(1) of the Exchange Act for any class of the Company's capital stock; or

iii. the shareholders of the Company approve (A) a definitive agreement for the merger or other business combination of the Company with or into another corporation pursuant to which the shareholders of the Company do not own, immediately after the transaction, more than 50% of the voting power of the corporation that survives, or (B) a definitive agreement for the sale, exchange or other disposition of all or substantially all of the assets of the Company, or (C) any plan or proposal for the liquidation or dissolution of the Company;

provided, however, that a "Change of Control" shall not be deemed to have taken place if beneficial ownership is acquired (A) directly from the Company, other than an acquisition by virtue of the exercise or conversion of another security unless the security so converted or exercised was itself acquired directly from the Company, or (B) by, or a tender or exchange offer is commenced or announced by, the Company, any profit-sharing, employee ownership or other employee benefit plan of the Company; or any trustee of or fiduciary with respect to any such plan when acting in such capacity.

d. In the event of a "Change of Control" as defined in Section 9(a) above, awards granted under the Plan will be subject to the following provisions, unless the provisions of this Section 9 are suspended or terminated by an affirmative vote of a majority of the Board prior to the occurrence of such a "Change of Control":

i. all outstanding Stock Options which have been outstanding for at least one year shall become exercisable in full, whether or not otherwise exercisable at such time, and any such Stock Option shall remain exercisable in full thereafter until it expires pursuant to its terms; and

ii. all restrictions and deferral limitations contained in Restricted Stock awards, Deferred Stock awards and Other Stock-Based Awards granted under the Plan shall lapse.

Section 10. Amendments and Termination.

The Board may at any time, and from time to time, amend any of the provisions of the Plan, and may at any time suspend or terminate the Plan; provided, however, that no such amendment shall be effective unless and until it has been duly approved by the holders of the outstanding shares of Stock if the failure to obtain such approval would adversely affect the compliance of the Plan with the requirements of Rule 16b-3 or any other applicable law, rule or regulation. The Board or the Committee, as the case may be, may amend the terms of any Stock Option or other award theretofore granted under the Plan; provided, however, that subject to Section 3 above, no such amendment may be made by the Board or the Committee, as the case may be, which in any material respect impairs the rights of the optionee or participant without the optionee's or participant's consent, except for such amendments which are made to cause the Plan to qualify for the exemption provided by Rule 16b-3.

Section 11. Unfunded Status of Plan.

The Plan is intended to constitute an "unfunded" plan for incentive and deferred compensation. With respect to any payments not yet made to a participant or optionee by the Company, nothing contained herein shall give any such participant or optionee any rights that are greater than those of a general creditor of the Company.

Section 12. General Provisions.

a. The Board or the Committee, as the case may be, may require each person acquiring shares of Stock pursuant to an Option or other award under the Plan to represent to and agree with the Company in writing that the optionee or participant is acquiring the shares for investment without a view to distribution thereof.

All certificates for shares of Stock delivered under the Plan shall be subject to such stop transfer orders and other restrictions as the Board or the Committee, as the case may be, may deem to be advisable under the rules, regulations, and other requirements of the Securities and Exchange Commission, any stock exchange or association upon which the Stock is then listed or traded, any applicable Federal or state securities law, and any applicable corporate law, and the Board or the Committee, as the case may be, may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

b. Nothing contained in the Plan shall prevent the Board from adopting such other or additional incentive arrangements as it may deem desirable, including, but not limited to, the granting of stock options and the awarding of stock and cash otherwise than under the Plan; and such arrangements may be either generally applicable or applicable only in specific cases.

c. Nothing contained in the Plan or in any award hereunder shall be deemed to confer upon any employee of the Company or any Parent or Subsidiary any right to continued employment with the Company or any Parent or Subsidiary, nor shall it interfere in any way with the right of the Company or any Parent or Subsidiary to terminate the employment of any of its employees at any time.

d. No later than the date as of which an amount first becomes includable in the gross income of the participant for Federal income tax purposes with respect to any Option or other award under the Plan, the participant shall pay to the Company, or make arrangements satisfactory to the Board or the Committee, as the case may be, regarding the payment of, any Federal, state and local taxes of any kind required by law to be withheld or paid with respect to such amount. If permitted by the Board or the Committee, as the case may be, tax withholding or payment obligations may be settled with Stock, including Stock that is part of the award that gives rise to the withholding requirement. The obligations of the Company under the Plan shall be conditional upon such payment or arrangements, and the Company or the participant's employer (if not the Company) shall, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to the participant from the Company or any Parent or Subsidiary.

e. The Plan and all awards made and actions taken thereunder shall be governed by and construed in accordance with the laws of the State of New York (without regard to choice of law provisions).

f. Any Stock Option granted or other award made under the Plan shall not be deemed compensation for purposes of computing benefits under any retirement plan of the Company or any Parent or Subsidiary and shall not affect any benefits under any other benefit plan now or subsequently in effect under which the availability or amount of benefits is related to the level of compensation (unless required by specific reference in any such other plan to awards under the Plan).

g. A leave of absence, unless otherwise determined by the Board or Committee prior to the commencement thereof, shall not be considered a termination of employment. Any Stock Option granted or awards made under the Plan shall not be affected by any change of employment, so long as the holder continues to be an employee of the Company or any Parent or Subsidiary.

h. Except as otherwise expressly provided in the Plan or in any Stock Option agreement, Restricted Stock agreement, Deferred Stock agreement or any Other Stock-Based Award agreement, no right or benefit under the Plan may be alienated, sold, assigned, hypothecated, pledged, exchanged, transferred, encumbranced or charged, and any attempt to alienate, sell, assign, hypothecate, pledge, exchange, transfer, encumber or charge the same shall be void. No right or benefit hereunder shall in any manner be subject to the debts, contracts or liabilities of the person entitled to such benefit.

i. The obligations of the Company with respect to all Stock Options and awards under the Plan shall be subject to (A) all applicable laws, rules and regulations, and such approvals by any governmental agencies as may be required, including, without limitation, the effectiveness of a registration statement under the Securities Act, and (B) the rules and regulations of any securities exchange or association on which the Stock may be listed or traded.

j. If any of the terms or provisions of the Plan conflicts with the requirements of Rule 16b-3 as in effect from time to time, or with the requirements of any other applicable law, rule or regulation, and with respect to Incentive Stock Options, Section 422 of the Code, then such terms or provisions shall be deemed inoperative to the extent they so conflict with the requirements of said Rule 16b-3, and with respect to Incentive Stock Options, Section 422 of the Code. With respect to Incentive Stock Options, if the Plan does not contain any provision required to be included herein under Section 422 of the Code, such provision shall be deemed to be incorporated herein with the same force and effect as if such provision had been set out at length herein.

k. The Board or the Committee, as the case may be, may terminate any Stock Option or other award made under the Plan if a written agreement relating thereto is not executed and returned to the Company within 30 days after such agreement has been delivered to the optionee or participant for his or her execution.

l. The grant of awards pursuant to the Plan shall not in any way effect the right or power of the Company to make reclassifications, reorganizations or other changes of or to its capital or business structure or to merge, consolidate, liquidate, sell or otherwise dispose of all or any part of its business or assets.

Section 13. Effective Date of Plan.

The Plan shall be effective as of the date of the approval and adoption thereof at a meeting of the stockholders of the Company.

Section 14. Term of Plan.

No Stock Option, Restricted Stock Award, Deferred Stock award or Other Stock-Based Award shall be granted pursuant to the Plan after the tenth anniversary of the effective date of the Plan, but awards granted on or prior to such tenth anniversary may extend beyond that date.

Exhibit 10.33:

LEASE TERMINATION AGREEMENT

THIS LEASE TERMINATION AGREEMENT (this "Agreement") is made and entered into this 15th day of December, 2005 by and between RAMAPO LAND CO., INC. ("Landlord"), a corporation organized and existing under the laws of the State of New York, and HUDSON TECHNOLOGIES, INC. (formerly Refrigerant Reclamation Industries, Inc.) ("Tenant"), a corporation organized and existing under the laws of the State of New York. Landlord and Tenant may sometimes be referred to herein, individually, as a "party" and, collectively, as the "parties".

WITNESSETH

WHEREAS, by virtue of the Lease Agreement by and between Landlord and Tenant, dated May 20, 1994, which was extended by virtue of a Lease Extension Agreement between Landlord and Tenant dated April 7, 2005 and a Lease Extension Modification Agreement between Landlord and Tenant dated May 20, 2005, together with all riders thereto (collectively, the "Lease"), by which Tenant leased approximately 21,095 rentable feet of space (the "Premises") in that building located at 60 Torne Valley Road, Ramapo, New York (the "Property"); and

WHEREAS, Tenant has remained past the Termination Date (as hereinafter defined) on a month-to-month basis and will continue to occupy the Premise under the Lease on the Termination Date; and

WHEREAS, Landlord desires to terminate Tenant's tenancy under the Lease subject to the terms and conditions set forth below.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant agree as follows:

1. Recitals. The Recitals stated above are incorporated herein by reference and are made a part of this Agreement as if stated in their entirety.
2. Capitalized Terms. Unless otherwise defined herein, all capitalized terms shall have the same meaning as they have in the Lease.
3. Termination Date. Tenant's right to occupy the Premises under the Lease shall be terminated as of 12:00 midnight on December 14, 2005 (the "Termination Date"). Until the Termination Date, the Tenant shall remain in the Premises, pursuant to a month-to-month tenancy.
4. Delivery of Premises to Landlord. Intentionally Omitted.
5. Tenant's Representations, Covenants and Warranties. Tenant makes the following representations, covenants and warranties to the Landlord, acknowledging that each such representation, warranty and covenant is material and shall be relied upon by the Landlord:
    A. Tenant is not aware of any default committed by Landlord under the Lease, and Tenant has no existing defenses, claims, counterclaims or rights of offset with respect to its obligation to pay or Rent or Additional Rent under the Lease.
    B. Tenant is a corporation duly organized, validly existing and in good standing under the laws of the State of New York and has the power to terminate the Lease.
    C. Tenant acknowledges that Landlord may enter into new commitments, agreements and/or leases with third parties (collectively and individually the "Third-Party Agreements") concerning the Premises, and Tenant agrees that Landlord may rely upon this Agreement and the fulfillment by Tenant of its obligations hereunder, in entering into any such Third-Party Agreements.
    D. The representations, warranties and covenants contained herein are true and correct in all material respects at the date of this Agreement and do not omit to state a material fact necessary to make any of them not misleading.

E. The following definitions shall be applicable to this Section and wherever used elsewhere in the Agreement.

1. "Environmental Condition" means any condition with respect to any and all improvements on the Property (including any conditions contained therein or derived therefrom, of any kind or nature including without limitation, structural, architectural, engineering, and environmental condition), soil, surface waters, groundwaters, land, stream sediments, surface or subsurface condition and ambient air, Hazardous Substance on or about the Property (the Property as used herein shall include all improvements thereon), whether or not yet discovered, or violation of any Environmental Laws, arising from or related to the operation of any business that is or was conducted by Tenant (or Tenant's lessees, sub-lessees, predecessors or occupants) on the Property, or any activity conducted by any person or entity on the Property during the time of Tenant's occupancy, or occurring prior to that time and known to Tenant.

2. "Environmental Laws" means all federal, state and local laws, whether common laws, court or administrative decisions, statutes, rules, regulations, ordinances, court orders and decrees, and administrative orders and all administrative policies and guidelines concerning action levels of a governmental authority (federal, state or local) now or hereafter in effect relating to the environment, public health, occupational safety, industrial hygiene, any Hazardous Substance (including, without limitation, the disposal, generation, manufacture, presence, processing, production, release, storage, transportation, treatment or use thereof), or the Environmental Conditions on, under or about the Property, as amended and as in effect from time to time (including, without limitation, the following statutes and all regulations thereunder as amended and in effect from time to time: the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. §§ 9601, *et seq*.; the Superfund Amendments and Reauthorization Act of 1986, Title III, 42 U.S.C. §§ 11001, *et seq*.; the Clean Air Act, 42 U.S.C. §§ 7401 *et seq*.; the Safe Drinking Water Act, 42 U.S.C. §§ 300(f), *et seq*.; the Solid Waste Disposal Act, 42 U.S.C. §§ 6901, *et seq*.; the Hazardous Materials Transportation Act, as amended, 49 U.S.C. §§ 1801, *et seq*.; the Resource Conservation and Recovery Act, as amended, 42 U.S.C. §§ 6901, *et seq.;* the Federal Water Pollution Control Act, as amended, 33 U.S.C. §§ 1251, *et seq*.; the Toxic Substances Control Act of 1976, 15 U.S.C. §§ 2601, *et seq*.; and the Occupational Safety and Health Act, 29 U.S.C. §§ 651, *et seq*.; the New York State Environmental Conservation law, including Article 13 of Title 27; and the New York State Navigation Law, Article 12; and any successor statutes and regulations to the foregoing.

3. "Hazardous Substance" means all chemicals, materials and substances defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," "extremely hazardous wastes," "restricted hazardous wastes," "toxic substances," "toxic pollutants," "contaminants," "pollutants," or "petroleum," or words of similar import, under any applicable Environmental Law; and all other chemicals, materials and substances, exposure to which is prohibited, limited or regulated by any governmental authority, including, without limitation, asbestos and asbestos-containing materials in any form, lead-based paint, radioactive materials, polychlorinated biphenyls ("PCB's"), and substances and compounds containing PCBs.

4. "Orders on Consent" means the Order on Consent dated June 28, 2000 between the New York State Department of Environmental Conservation and Hudson Technologies, Inc. Case #3-2963/9708 Conservation Law and Part 751.1 of the Codes, Rules and Regulations of the State of New York by Hudson Technologies, Inc., Respondent, which Order was subsequently modified by Modified Order on Consent executed on May 25, 2003 by the order entitled "In the Matter of the Alleged Violations of Articles 17 of the Environmental

Conservation Law and Part 751.1 of the Codes, Rules and Regulations of the State of New York by Hudson Technologies, Inc. Respondent.

F. On and after the Termination Date, Tenant hereby agrees to indemnify, defend and hold Landlord and its stockholders, directors, officers, employees, legal representatives, and agents (the "Landlord Indemnified Parties") and any and all successors and assigns of the Landlord Indemnified Parties, including, but not limited to the Town of Ramapo, the contract Purchaser of the Property, harmless from and against any and all claims, judgments, damages, penalties, fines, costs, liabilities, losses or expenses (including, without limitation, reasonable attorneys' fees and expenses), from or related to Tenant's violation of any Environmental Laws and any Environmental Condition caused or exacerbated by Tenant located on, in or about the Property. Tenant also agrees to continue to make all payments, maintenance fees, costs of utilities and other costs, incurred with respect to the remediation of the environmental conditions consistent with the Orders on Consent as that term is defined in the Declaration of Covenants and Restrictions (the "Declaration") and to execute the Declaration upon request of Landlord.

G. On or after the Termination Date, Tenant agrees to undertake any and all action, at Tenant's sole cost and expense, necessary in order to remain in compliance with the Orders on Consent. Tenant shall be solely responsible for the removal of the air stripping tower, as identified in the Orders on Consent, on the Property, including all costs associated therewith.

6. Landlord's Representations, Covenants and Warranties. Landlord makes the following representations, warranties and covenants to Tenant, acknowledging that each such representation, warranty and covenant is material and shall be relied upon by the Tenant.
   A. Landlord has entered into a Property Purchase Agreement (the "Property Purchase Agreement") with the Town of Ramapo for the sale of the Property.
   B. Landlord has prepared, and will file the Declaration in the Office of the County Clerk of Rockland County, prior to and contingent upon the successful closing of the purchase of the Property with the Town of Ramapo under the Property Purchase Agreement.
7. Termination Payments. Landlord's release of Tenant, pursuant to Paragraph 8, below, from the obligations under the Lease for the Premises shall be expressly conditioned upon Tenant's payment of Rent and Additional Rent up to the Termination Date and the discharge by Tenant of the financial obligations set forth below:
   A. Tenant shall pay Landlord the amount of Thirty-Seven Thousand, Five Hundred Sixty-Two Dollars and Seventy-Nine Cents ($37,562.79) as reimbursement to Landlord for legal fees and Thirty-Two Thousand Eight Hundred Eighty-Eight Dollars and Eighty-Four Cents ($32,888.84) fees paid to Environmental Management Ltd. (the "Additional Fees") incurred by Landlord in connection with the Environmental Condition caused by Tenant located on, in, or about the Property.
   B. If Tenant satisfies the conditions of this Paragraph 7, Tenant's rights and obligations under this Lease for the Premises except as pertaining to: (i) Rent and Additional Rent accrued but unpaid as of the Termination Date; and (ii) property damage (except as set forth in Sections 5F and 5G) to the Premises and the Property after the date of this Agreement resulting from the claims of third parties relating solely to personal injury or property damage (except as set forth in Sections 5F and 5G), through the Termination Date, shall be deemed terminated effective on the Termination Date.
8. Release of Tenant. Except as set forth in Section 5F and for breaches of this Agreement, and so long as the Property Purchase Agreement closes, Landlord shall release Tenant and Hudson Technologies Company, from any claims and causes which it has or may have including, without limitation, any claim for a reduction in the value of the Property arising out of the Lease and the Premises on or after the Termination Date. This Agreement does not release or excuse Tenant's liability for payment of any amount due and outstanding including, without limitation, Additional Fees set forth in Paragraph 7(A) hereinabove.

9. Landlord's Obligations. As of the Termination Date, Landlord is no longer bound to satisfy any covenants or obligations, direct or implied, contained in the Lease. Tenant, on its own behalf, and on behalf of its officers, shareholders, principals, successors and assigns hereby releases any claims, rights or causes of action which it has or may have either under the Lease or pertaining in any manner to the Premises and the Property, against Landlord, its stockholders, directors, officers, legal representatives, agents, employees, successors and assigns.
10. Authority to Execute. Each person executing this Agreement on behalf of a party certifies, represents and warrants that (s)he is authorized and empowered to execute this Agreement on behalf of and as the act of said party for purposes set forth herein.
11. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York without regard to conflict of law or choice of law rules or principles.
12. Successors and Assigns. All of the terms, warranties, representations and covenants of this Agreement shall apply to and be binding upon, and shall inure to the benefit of the parties hereto, and each of their respective permitted successors and assigns, including but not limited to the Town of Ramapo, the contract Purchaser of the Property.
13. Word Forms and Captions. The use of any gender or tense herein shall be applicable to all genders and tenses. The use of the singular shall include the plural and the plural shall include the singular. The captions of the various paragraphs herein are for convenience and reference only and in no way define, limit or describe the scope or intent of this Agreement.
14. Entire Agreement. The Lease, as amended, is hereby terminated by both Tenant and Landlord and this Agreement contains and embodies the entire agreement of the parties with respect to the matters set forth herein. No representations, inducements or agreements, oral or otherwise, between the parties not contained and embodied in this Agreement, incorporated herein, shall be of any force or effect, and the same may not be modified, changed or terminated in whole or in part in any manner other than by an agreement in writing which references this Agreement and is duly signed by all parties.
15. Time is of the Essence. Time is of the essence with respect to each and every obligation under this Agreement in which time and performance are a factor.

[SIGNATURES ON NEXT PAGE]

IN WITNESS WHEREOF, the parties hereto have affixed their signatures and seals all as of the day and year first above written.

WITNESS:

LANDLORD:

RAMAPO LAND COMPANY, INC.

By: /s/ Jack O'Keefe

President

ATTEST:

TENANT:

HUDSON TECHNOLOGIES, INC. (formerly Refrigerant Reclamation Industries, Inc.)

By: /s/ Stephen P. Mandracchia

Its: Vice President

Exhibit 10.34:

SUPREME COURT OF THE STATE OF NEW YORK

COUNTY OF NEW YORK

----------X

RAMAPO LAND CO., INC.

Plaintiff,

STIPULTION OF

DISCONTINUANCE

Index. No. 1996-05

-against-

HUDSON TECHNOLOGIES, INC.,

f/k/a REFRIGERANT RECLAMATION

INDUSTRIES, INC.,

Defendant.

----------X

IT IS HEREBY STIPULATED AND AGREED by and between the undersigned, as counsel of record for the respective parties in the above captioned action, that whereas no party hereto is an infant or incompetent person for whom a committee has been appointed and no person not a party has an interest in the subject matter of the action, the above-entitled action and all claims asserted herein are hereby dismissed in their entirety, with prejudice, but without costs, fees or disbursements as against any party.

This stipulation may be filed without further notice with the Clerk of the Court.

Dated: Albany, New York

December 15, 2005

WHITEMAN OSTERMAN & HANNA LLP

By: /s/ Holly Kennedy Passantino, Esq.

Holly Kennedy Passantino, Esq.

Attorneys for Plaintiff

One Commerce Plaza

Albany, New York 12260

(518) 487-7600

Dated: New York, New York

December 15, 2005 SIVE, PAGET & RIESEL, P.C.

By: /s/ Daniel Riesel

Daniel Riesel, Esq.

Attorneys for Defendant

460 Park Avenue

New York, New York 10022-1906

(212) 421-2150

Exhibit 10.35:

FOURTH AMENDMENT TO REVOLVING LOAN AGREEMENT,

PROMISSORY NOTES AND OTHER LOAN DOCUMENTS

THIS AGREEMENT

dated the 8th day of March 2006 between **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") and **KELTIC FINANCIAL PARTNERS, LP**, a Delaware limited partnership, with a place of business at 555 Theodore Fremd Avenue, Suite C-207, Rye, New York 10580 ("Lender").

W I T N E S S E T H

:

WHEREAS

:

A. Borrower entered into a revolving loan agreement with Lender on May 30, 2003, and pursuant to such revolving loan agreement, Borrower executed and delivered to Lender its promissory note in the original principal amount of **FOUR MILLION SIX HUNDRED THOUSAND AND 00/100 (4,600,000.00) DOLLARS** (the "Revolving Note") and its promissory note in the original principal amount of **FOUR HUNDRED THOUSAND AND 00/100 (400,000.00) DOLLARS** (the "Term Note");

B. Borrower subsequently requested that Lender waive certain failures by Borrower to comply with the terms and conditions of the aforementioned revolving loan agreement and make certain other changes and modification to the terms and conditions of the aforementioned revolving loan agreement;
C. Lender agreed to waive certain failures by Borrower to comply with the terms and conditions of the aforementioned revolving loan agreement and to make certain other changes and modification to the terms and conditions of the aforementioned revolving loan agreement in accordance with the terms and conditions of a first amendment to revolving loan agreement, promissory notes and other loan documents dated as of November 12, 2003;
D. Borrower again requested that Lender modify certain financial covenants and make certain other changes and modifications to the terms and conditions of the aforementioned revolving loan agreement;
E. Lender agreed to again modify certain financial covenants contained in the aforementioned revolving loan agreement and to make certain other changes and modifications to the terms and conditions of the revolving loan agreement strictly in accordance with the terms and conditions of a second amendment to revolving loan agreement, promissory notes and other loan documents dated as of March 31, 2004;
F. Borrower then requested that Lender modify the Term Loan by increasing the outstanding principal balance of the Term Loan from $226,666.58 to $400,000.00 in order to provide Borrower with additional funds to be used to purchase specified equipment totaling approximately $173,000.00 and to otherwise modify the terms and conditions of the aforementioned revolving loan agreement;
G. Lender agreed to modify the Term Loan by increasing the outstanding principal balance of the Term Loan from $226,666.58 to $400,000.00 in order to provide Borrower with additional funds to be used to purchase

specified equipment totaling approximately $173,000.00 and to otherwise modify the terms and conditions of the aforementioned revolving loan agreement strictly in accordance with the terms and conditions of a third amendment to revolving loan agreement, promissory notes and other loan documents dated as of August 30, 2005 (the revolving loan agreement dated May 30, 2003 as amended by the first amendment to revolving loan agreement, promissory notes and other loan documents dated as of November 12, 2003, the second amendment to revolving loan agreement, promissory notes and other loan documents dated as of March 31, 2004 and the third amendment to revolving loan agreement, promissory notes and other loan document dated as of August 30, 2005 are collectively referred to as, the "Loan Agreement")

H. In connection with the third amendment, Borrower executed and delivered to Lender its promissory note in the original principal amount of $400,000.00 dated as of August 30, 2005 (the "Restated Term Note");

I. Borrower has now requested that Lender extend the maturity date of the Loans, modify the Loan Interest Rate and otherwise modify the terms and conditions of the Loan Agreement; and

J. Lender has agreed to extend the maturity date of the Loans, modify the Loan Interest Rate and otherwise modify the terms and conditions of the Loan Agreement strictly in accordance with the terms and conditions set forth in this Agreement.

NOW THEREFORE

, in consideration of the foregoing, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned hereto agree as follows:

1. **Section 1.31**
of the Loan Agreement is amended to read as follows:

"1.31 **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 two hundred (200) basis points per annum from May 30, 2003 through the date of the fourth amendment to this Agreement and thereafter at such prime rate plus one hundred (100) basis points per annum, or (b) six and one-half percent (6-1/2%) per annum."

2. **Section 1.49**
of the Loan Agreement is amended to read as follows:

"1.49 **Termination Date"** shall mean the earlier of May 30, 2007 or the date on which Lender terminates this Agreement pursuant to **Section 12.1** of this Agreement."

3. **Section 2.2**
of the Loan Agreement is amended by changing the date of **"May 30, 2006"** to **"May 30, 2007"** in such section.

4. In connection with Lender's agreement to extend the maturity date of the Term Loan, Borrower has executed and delivered to Lender its promissory note in the original principal amount of **FOUR HUNDRED THOUSAND AND 00/100 (400,000.00) DOLLARS** in the form of **Schedule A** annexed hereto (hereinafter, the "Second Restated Term Note") which note shall replace and supersede, but shall not be considered a repayment of, the Restated Term Note. Any and all interest due and owing under the Restated Term Note and any further amounts evidenced by the Restated Term Note shall hereafter be evidenced by the Second Restated Term Note and any unpaid interest under the Restated Term Note shall be payable on the first payment date under the Second Restated Term Note.

5. In order to induce Lender to enter into this Agreement, and pursuant to the existing terms and conditions of the Loan Agreement, Borrower acknowledges that it is responsible for all fees, disbursements and expenses

incurred by Lender including, without limitation, all legal fees and disbursements incurred by Lender in connection with the preparation of this Agreement.

6. Any reference in any document executed and/or delivered in connection with the Loan Agreement to the "Agreement" or the "Loan Agreement" shall mean the revolving loan agreement dated May 30, 2003 as amended by the first amendment to revolving loan agreement, promissory notes and other loan documents dated as of November 12, 2003, the second amendment to revolving loan agreement, promissory notes and other loan documents dated as of March 31, 2004, the third amendment to revolving loan agreement, promissory notes and other loan documents dated as of August 30, 2005 and this Agreement. All of the provisions of the Revolving Note, the Second Restated Term Note, the Restated Term Note, the Loan Agreement and any other document executed and/or delivered in connection with the Revolving Note, the Second Restated Term Note, the Restated Term Note or the Loan Agreement (collectively, the "Loan Documents") are amended so that such terms shall be consistent with the provisions of this Agreement. Notwithstanding the foregoing, and to the extent that there is any inconsistency between the provisions of those agreements and this Agreement, the provision which gives Lender the greatest rights or protection shall govern except as specifically modified by this Agreement. Capitalized terms used herein and not otherwise defined shall have the meaning given such terms in the Loan Documents.
7. Borrower and each Guarantor by executing this Agreement represent and warrant that since December 31, 2004 except as disclosed in filings made with the Securities and Exchange Commission there has been no (1) material adverse change in the Borrower's or any Guarantor's financial condition, assets, liabilities, business or operation (financial or otherwise) and (2) no damage, destruction or loss to the Borrower's or any guarantor's property, whether or not covered by insurance, which would materially and adversely affect Borrower's or any Guarantor's business or property.
8. Lender's agreement to extend the maturity date of the Loans, to modify the Loan Interest Rate and to otherwise modify the terms and conditions of the Loan Agreement and the other Loan Documents is not and shall not be construed as a waiver of any current or future default under the Revolving Note, the Second Restated Term Note, the Restated Term Note, Loan Agreement or any other Loan Document, nor shall it preclude Lender from proceeding against Borrower on any such default. This Agreement is

also not a relinquishment of any rights or remedies Lender may have in connection with the Revolving Note, the Second Restated Term Note, the Restated Term Note, the Loan Agreement or any other Loan Document.

9. **As a material condition to Lender entering into this Agreement, Borrower and each Guarantor by executing this Agreement voluntarily and expressly waives any and all rights to assert a claim, counterclaim or defense which now exists against Lender arising out of or in any way connected with the Revolving Note, the Second Restated Term Note, the Restated Term Note, the Loan Agreement, or any other Loan Document. The foregoing waiver shall apply to any**

   action instituted by any of the undersigned and to any action or proceeding brought against any of the undersigned by Lender.

10. Borrower and each Guarantor by executing this Agreement acknowledges that there is due and owing on the **Revolving Note** as of March 7, 2006 the principal sum of **$1,708,789.93** and that there is due and owing on the **Second Restated Term Note** as of March 7, 2006 the principal sum of **$353,333.31** which sums are not subject to any defense, counterclaim or set-off.
11. Borrower and each Guarantor by executing this Agreement confirms that all of the representations and warranties set forth in the Loan Agreement are true and correct, and that all covenants of Borrower described therein have been performed. There have been no changes to the information set forth in **Schedules 5.2, 5.3, 5.8, 5.9, 5.13, 5.14, 5.15, 5.16, 5.17, 5.18, 5.21 and 5.23** of the Loan Agreement, copies of which are annexed

hereto except as set forth in such schedule. **[Updated schedules will be submitted by Borrower to Lender not later than April 15, 2006.]**

12. BORROWER BY EXECUTING THIS AGREEMENT ACKNOWLEDGES THAT IT HAS HAD A FULL AND FAIR OPPORTUNITY TO REVIEW THIS AGREEMENT AND THE DOCUMENTS REFERRED TO HEREIN WITH COUNSEL OF ITS CHOICE AND THAT IT HAS BEEN ADVISED AS TO THEIR TERMS AND CONDITIONS, WHICH ARE ACCEPTABLE TO IT. FURTHER, BORROWER CONFIRMS THAT IN DELIVERING THIS AGREEMENT TO LENDER, IT IS NOT RELYING ON ANY PROMISE, COMMITMENT, REPRESENTATION OR UNDERSTANDING, EITHER EXPRESS OR IMPLIED, MADE BY OR ON BEHALF OF LENDER THAT IS NOT EXPRESSLY SET FORTH HEREIN, OR IN THE LOAN AGREEMENT, THE REVOLVING NOTE, THE SECOND RESTATED TERM NOTE, THE RESTATED TERM NOTE OR ANY OTHER LOAN DOCUMENT. BORROWER BY EXECUTING THIS AGREEMENT ACKNOWLEDGES AND UNDERSTANDS THAT ALL OBLIGATIONS UNDER THE **REVOLVING NOTE** ARE DUE AND PAYABLE ON THE **TERMINATION DATE** AND THAT ALL OBLIGATIONS UNDER THE **SECOND RESTATED TERM NOTE** ARE DUE AND PAYABLE ON **MAY 30, 2007**, UNLESS LENDER IN ITS SOLE AND ABSOLUTE DISCRETION EXTENDS THE MATURITY DATE OF ANY SUCH OBLIGATION AND THAT LENDER HAS NOT MADE ANY REPRESENTATION THAT IT WILL EXTEND THE MATURITY DATE OF ANY SUCH OBLIGATION.
13. Borrower acknowledges that discussions may take place between itself and Lender concerning additional modifications of the Revolving Note, the Second Restated Term Note and the Loan Agreement after the date hereof. Lender in its sole and absolute discretion may terminate any such discussions at any time and for any reason or no reason and Lender shall have no liability for failing to engage in or terminating any such discussions. While the parties hereto may reach preliminary agreement as to the modification of one or more provisions of the Loan Agreement, the Revolving Note and/or the Second Restated Term Note, none of the undersigned shall be bound by any agreement on any individual point until agreement is reached on every issue and the agreement on all such issues has been reduced to a written agreement signed by Lender and Borrower. Further, the Loan Agreement may only be amended by a written agreement executed by Borrower and Lender and no negotiations or other actions undertaken by Lender shall constitute a waiver of Lender's rights under the Loan Agreement, the Revolving Note and/or the Second Restated Term Note, except to the extent specifically set forth in a written agreement complying with the provisions of this paragraph.
14. This document may be executed in one or more counterparts and all such documents taken together shall be

considered one original document.

IN WITNESS WHEREOF

, the undersigned have executed this Agreement as of the day and year first written above.

WITNESS:	**HUDSON TECHNOLOGIES COMPANY**
/s/Stephen P. Mandracchia	by /s/Brian F. Coleman
Stephen P. Mandracchia, Esq.	Name: Brian F. Coleman
	Title: President and Chief Operating Officer
WITNESS:	**KELTIC FINANCIAL PARTNERS, LP**

By:

KELTIC FINANCIAL SERVICES, LLC

its general partner

/s/Oleh Szczupak

Oleh Szczupak

by /s/John P. Reilly

Name: John P. Reilly

Title: Managing Partner

Each of the Guarantors of performance and payment do hereby approve all of the terms of this agreement, do hereby approve the execution and delivery of this Agreement by Hudson Technologies Company and do hereby acknowledge and confirm their continuing joint and several liability and responsibility to Keltic Financial Partners, LP with respect to the debt referred to in this Agreement including, without limitation, advances in connection with the Second Restated Term Note.

WITNESS:

/s/Stephen P. Mandracchia

Stephen P. Mandracchia, Esq.

HUDSON TECHNOLOGIES, INC.

by /s/Brian F. Coleman

Brian F. Coleman, President

WITNESS:

/s/Stephen P. Mandracchia

Stephen P. Mandracchia, Esq.

HUDSON HOLDINGS, INC.

by /s/Brian F. Coleman

Brian F. Coleman, President

SCHEDULE A

SECOND RESTATED TERM NOTE

$400,000.00 March 8, 2006

Rye, New York

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 HUNDRED THOUSAND DOLLARS AND 00/100 ($400,000.00)** as follows: equal monthly installments each in the amount of $6,666.67 commencing on July 1, 2003 and payable on the first day of each month thereafter through and including May 1, 2007, followed by one (1) final payment on May 30, 2007 ("Maturity Date"), on which date all sums payable hereunder are immediately due and payable.

Borrower also promises to pay interest to Lender monthly, in arrears, on the first day of each month, commencing on June 1, 2003 on the average daily unpaid principal balance of this Note at a fluctuating rate which is equal to the Loan Interest Rate.

This Note, replaces and supersedes (but shall not be considered a repayment of) a note of Borrower dated May 30, 2003 in the original principal amount of $400,000.00 and note of Borrower dated as of August 30, 2005 in the original principal amount of $400,000.00 (collectively, the "Prior Note"). Any and all amounts evidenced by the Prior Note shall hereafter be evidenced by this Note and any accrued but unpaid interest due and owing under the Prior Note shall be payable on the first interest payment date hereunder.

Notwithstanding the foregoing, after the occurrence of an Event of Default, Borrower shall pay interest on the unpaid principal balance of this Note at a rate which is three and one-half percent (3.5%) per annum above the Loan Interest Rate, provided, however, in no event shall any interest to be paid hereunder exceed the maximum rate permitted by law.

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

This is a term note referred to in the revolving loan agreement between Borrower and Lender dated May 30, 2003 (the "Loan Agreement")(the Loan Agreement together with the other documents, instruments and agreements executed in connection therewith, as they have been or may from time to time be modified, amended, restated or replaced are hereinafter collectively referred to as, the "Loan Documents"). This Note 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, supplemental provisions regarding mandatory and/or optional prepayment rights and premiums. Capitalized terms used herein and not otherwise defined shall have the meaning given such terms in the Loan Documents.

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.

This Note shall be binding upon and shall insure to the benefits 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 participations in all, or a portion of, Lender's interest in this Note, to other financial institutions of Lender's choice and on such terms as are acceptable to Lender in its sole discretion.

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.

Borrower and all other Persons 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 Persons against whom enforcement of any waiver, change, modification or discharge is sought.

IN WITNESS WHEREOF

, Borrower has executed this Note on the day and year first above written.

WITNESS: **HUDSON TECHNOLOGIES COMPANY**

/s/Stephen P. Mandracchia

Stephen P. Mandracchia, Esq.

by /s/Brian F. Coleman

Name: Brian F. Coleman

Title: President and Chief Operating Officer

Exhibit 21:

Subsidiaries of the Registrant

Hudson Technologies of Tennessee d/b/a Hudson Technologies Company 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 and No. 333-129057) of Hudson Technologies, Inc. of our report dated March 3, 2006, relating to the consolidated financial statements, which appears in the Annual Report to Shareholders, which is incorporated in the Company's Annual Report on Form 10-KSB for the year ended December 31, 2005.

/s/ BDO SEIDMAN, LLP

Valhalla New York

March 27, 2006

Exhibit 31.1:

Hudson Technologies, Inc.

Certification of Principal Executive Officer

I, Kevin J. Zugibe, Chief Executive Officer and Chairman of the Board, of Hudson Technologies, Inc., certify that:

1. I have reviewed this annual report on Form 10-KSB 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 small business issuer as of, and for, the periods presented in this report;

4. The small business issuer's other certifying officers 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)) for the small business issuer 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 small business issuer, 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) Evaluated the effectiveness of the small business issuer'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

c) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, the small business issuer's internal control over financial reporting; and

5. The small business issuer's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer'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 small business issuer'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 small business issuer's internal control and over financial reporting.

Date: March 27, 2006

/s/ Kevin J. Zugibe

Kevin J. Zugibe

Chief Executive Officer and

Chairman of the Board

Exhibit 31.2:

Hudson Technologies, Inc.

Certification of Principal Executive Officer

I, James R. Buscemi, Chief Financial Officer, of Hudson Technologies, Inc., certify that:

1. I have reviewed this annual report on Form 10-KSB 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 small business issuer as of, and for, the periods presented in this report;

4. The small business issuer's other certifying officers 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)) for the small business issuer 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 small business issuer, 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) Evaluated the effectiveness of the small business issuer'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

   c) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, the small business issuer's internal control over financial reporting; and

5. The small business issuer's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer'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 small business issuer'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 small business issuer's internal control and over financial reporting.

Date: March 27, 2006

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-KSB for the period ended December 31, 2005 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:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchanges 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 27, 2006

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-KSB for the period ended December 31, 2005 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:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchanges 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/ James R. Buscemi

James R. Buscemi

Chief Financial Officer

March 27, 2006