Operator: Greetings, and welcome to the Global Power First Half 2017 Financial Results conference call. At this time, all participants are in a listen-only mode. A brief question-and-answer session will follow the formal presentation. If anyone should require Operator assistance during the conference, please press star, zero on your telephone keypad. As a reminder, this conference is being recorded.

I would now like to turn the conference over to Deborah Pawlowski, Investor Relations for Global Power. Please go ahead.

Deborah Pawlowski: Thank you, Operator, and good morning everyone. We certainly appreciate your time today and your interest in Global Power. On the call with me are our Co-Presidents and Co-CEOs, Craig Holmes and Tracy Pagliara, and Chief Financial Officer, Erin Gonzalez. Craig and Erin are going to lead the call with prepared comments, after which we will take questions.

We released, after the close of market yesterday, our first and second quarter 2017 financial results and filed the 10-Qs for both of those periods as well. You can find these documents on our website at www.globalpower.com. You will also find on the website the slides that will accompany today's conversation.

If you'll turn to slide 2 of the slide deck, I will review the Safe Harbor regarding forward-looking statements. As you are aware, we may make some forward-looking statements during the formal discussions as well as during the Q&A session. These statements apply to future events and are subject to risks and uncertainties as well as other factors that could cause actual results to differ materially from what is stated here today. These risks and uncertainties and other factors are provided in the earnings release, as well as with other documents filed by the Company with the Securities and Exchange Commission. These documents can be found on our website or at www.sec.gov.

During today's call, we will also discuss some non-GAAP financial measures. We believe these will be useful in evaluating our performance. You should not consider the presentation of this additional information in isolation or as a substitute for results prepared in accordance with GAAP. We have provided reconciliation of the non-GAAP measures to comparable GAAP measures in the tables that accompany yesterday's release and slides for your information.

With that, please turn to slide 3 and I will turn it over to Craig to begin. Craig?

Craig Holmes: Thank you, Deb, and good morning everyone. I too want to welcome everybody to the call. As Co-CEOs, Tracy and I have been aggressively advancing our mission to position our Company with adequate liquidity for future growth and profitability. We are determined in our pursuit to create a business that has a strong future and a clearly defined strategic path that can leverage its talent and experience to improve customer relationships and capitalize on opportunities in new and existing end markets.

This kind of change requires some rather bold strategic moves. In October, we successfully divested our Mechanical Solutions business and our manufacturing facility in Mexico for net proceeds of about $45 million, the majority of which was used to reduce debt and provide liquidity for our other businesses.

As we look strategically at other opportunities for the Company, we recognize that, similar to the Mechanical Solutions business, the Electrical Solutions business would also be better suited with a strategic partner that has the necessary capital resources that the Electrical Solutions team could then use to invest in its operations and growth.

We also believe our shareholders would benefit from reduced debt and improved overall capital structure. We have initiated the evaluation of strategic alternatives for this business and have retained an investment banker to facilitate the process. We can't guarantee when or if an acceptable strategic alternative will be available, but we will provide updates as future information becomes known.

We have determined that Services, our largest business, is the best area for us to focus our resources going forward. We are working to expand the capabilities of the segment, while pursuing a larger pipeline of opportunities. Also, we continue to be focused on liquidity at the corporate level. As such, we are instilling increasingly more stringent disciplines around working capital and management of operating expenses. In addition, we are making investments in personnel, so we can retain the talent we need as we reorganize and refocus the business.

I mentioned in September how we have embraced a culture centered around our core values of safety, integrity, excellence and results. During periods of significant challenges and stress, it is these core values within our organization that enable our people to drive through change and emerge stronger.

Now, looking to our businesses, we had disclosed our revenue expectations for the first half of 2017 when we reported our 2016 results and, as expected, 2017 had a slow start to the year. I am not going to spend time on the divestiture of Mechanical Solutions in October, except to say that we are very pleased with the timing and proceeds from the sale. Our ability to pay down almost $36 million in debt from the sale proceeds was critical, so that, entering 2018, we were not further penalized with an even higher cost capital structure than we currently have.

While our Electrical Solutions business had some operational challenges in the first half, our Indiana and Idaho operations have been improving the timeliness of deliveries and quality of their product for their customers throughout 2017. Our Houston plant continues to address some difficult issues tied to several large complex projects, but I am pleased to report that those complex projects that had caused the bottleneck in the facility are finally being delivered. This puts the Electrical Solutions business in a much better position going forward.

As we look towards 2018, our focus is on enhancing our Services business. We are excited about the potential benefits from our new joint venture with Bechtel and the potential to win additional work on other projects at the Vogtle 3 & 4 site. Of course, this is dependent upon the Georgia Public Service Commission's approval of the project as proposed for rate recovery. Their final decision is expected possibly as soon as tomorrow.

As many of you already know, our Services business has been a dependable and strong performer for many years. This business has consistently delivered low- to mid-teens gross margins and mid-single-digit EBITDA margins. You can see in our press release that our Services business in the first quarter of 2017 had margins that were negatively impacted by costs for work done on some disputed change orders, which Erin will discuss more in a minute. Q1 results were disappointing, but we do remain optimistic that we will be able to recover some of those costs as we work through the dispute resolution process with our customer.

As you can see in our disclosures, Q2 2017 margins for Services returned back to the levels we have seen in prior years. Our Services business has been a great business over a long period, driven by the following:

- a highly respected brand with a rich history of serving blue-chip customers
- being recognized as a leading provider of maintenance, core craft and highly specialized services to power generation and industrial plants

- a unique set of broad differentiated and complementary capabilities competitively differentiates us within the marketplace
- a broad geographic reach throughout the United States with opportunities to expand into Canada
- our Company is recognized as an employer of choice for many highly-skilled craft labor throughout the United States, which enables us to deploy labor where and when it's needed, and gives us the flexibility to ramp up our labor force as demand requires
- our experienced team of project managers, job site supervisors and other full-time operating employees are recognized for delivering projects on time, on budget with high quality and with strong safety records
- our respected brands, our diversified services, our geographic reach, our customer and skilled labor relationships, our nuclear expertise together with our high performing operations team creates definite barriers to entry and positions our Services segment for strong performance over the long term.

It is important to recognize that the Services segment has been operating for several years in an extremely challenging environment, created by re-statement and liquidity issues at the parent company level. Being a public company under these circumstances has not been good for business. These very public problems have armed our competitors with damaging propaganda by potential bankruptcies or other potential going concern issues which, in turn, have given our blue chip customers ample reason to direct projects to our competitors. Even with this overhang, our Services business has continued to perform reasonably well due to our outstanding team and great long-term relationships with customers.

With that, let me turn it over to Erin for further review of our financial results. Thank you.

Erin Gonzalez: Thank you, Craig, and good morning everyone. During today's conference call, we will cover the financial results of our first half of 2017 and we'll follow the presentation slides provided. Let me start with revenue and gross profit as summarized on slides 7 and 8.

For the first half of 2017, consolidated revenue declined \$71.6 million to \$157.9 million, and consolidated gross profit declined \$20.9 million to \$3.2 million. These reductions were impacted by divested businesses, lost contracts, the loss of a major customer following a plant closure, as well as the timing and magnitude of projects. In July 2016, we sold our TOG business and, in January 2017, we divested our Hetsco business. We closed our Chattanooga facility in the third quarter of 2016 and ceased operations at our Mexico facility at the end of June 2016.

Next, I will comment on the performance of each of our reporting segments, keeping in mind that, in October 2017, we divested our Mechanical Solutions segment.

Revenue for our Services segment declined \$25.3 million compared with the first half of 2016. The decrease in revenue was primarily due to the completion of work for the restart of a new-build nuclear reactor resulting in \$25.7 million of revenues during the first half of 2016. We also had \$13 million of revenue from large, non-recurring fixed-price projects during the first half of last year. The sale of our Hetsco business in January 2017 resulted in a reduction in revenue of \$8.7 million.

These decreases were offset by a couple of significant revenue increases. We recorded \$20.7 million in revenue during the first half of 2017 for a scheduled outage related to a maintenance and modification contract. We also recognized \$5 million of incremental revenue for nuclear construction site work in the first half of 2017.

The overall decline in Services revenue unfavorably impacted gross profit. The $14.3 million decrease in gross profit includes the accrual of $13.1 million for losses in the first half of 2017 compared with $2.6 million in the first half of 2016. These estimated losses in the first half of 2017 arose from our performance of work under unsigned, and subsequently disputed, change orders. We are currently working with our customers to reach resolution on these disputes, and a favorable outcome, if any, could result in the recognition of future revenue and equivalent gross profit. Separately, gross profit decreased $3.1 million as a result of the Hetsco divestiture.

Revenue for our Electrical Solutions segment decreased $15.8 million. This includes a decrease of $9.8 million driven partially by the loss of a major customer following the closure of our Chattanooga plant in the third quarter of 2016. Additionally, we experienced delays in completing projects at our Houston facility, which had an unfavorable impact on revenue of $6 million.

Electrical Solutions gross profit decreased $5.6 million on the $15.8 million of lower revenue in the first half of 2017. In addition to the impact of lower revenue, we recorded $3.8 million of costs related to an increase in estimated losses on certain contracts. The incremental amount results from an accrual of $6.5 million for lost contracts for the first six months of 2017 compared with $2.8 million in the comparable prior period. These losses resulted from the incurrence of liquidated damages due to missed delivery dates as well as operating inefficiencies on certain projects, particularly in our Houston facility. These declines were partially offset by a $600,000 increase in gross profit realized from targeted pricing changes, product mix and improvements in productivity at certain facilities.

Revenue for our Mechanical Solutions segment declined $30.6 million. We experienced lower volume in the first half of 2017 as a result of non-recurring large air-intake system projects in the Middle East in 2016. Revenue also decreased $3.3 million as a result of the divestiture of our TOG business in July of 2016.

Despite lower revenue, Mechanical Solutions gross margin improved to 17.6% while gross profit dollars decreased by $1 million. Gross margin benefited from $2.6 million of lost contract accruals that were recorded in the first half of 2016, while none were recorded in the first half of 2017. This was partially offset by lower gross profit of $600,000 as a result of the sale of TOG in July 2016.

Please turn to slide 9. Looking at operating expenses for the first half of 2017, we continue to make strides in reducing costs to better align with current levels of revenue. We reduced selling and marketing expenses by $1.5 million, primarily due to lower compensation expenses. We also reduced general and administrative expenses by $3.4 million through lowering labor expenses and maintaining a strong cost discipline, particularly regarding travel and entertainment expenses. In addition, depreciation and amortization expenses decreased by $1.9 million, primarily as a result of a decline in depreciable assets resulting from the sale of Hetsco in January 2017.

Several significant non-recurring items were included in total operating expenses in the first half of both 2017 and 2016. In 2017, we incurred $2.4 million associated with the re-statement of certain prior period financial results compared with $4.5 million in 2016. Additionally, in the first half of 2016, we recorded an $8.2 million loss to adjust Hetsco's net assets as a result of our decision to sell that business.

On slide 10, we have summarized our operating losses. The Company incurred a $27.5 million operating loss in the first half of 2017. Now, I'll recap these results by segment.

Operating loss for our Services segment increased $900,000 to $6.1 million on $25.3 million of lower revenue. The increased loss was driven by lower gross profit, which resulted from the increase in estimated losses on certain fixed-price contracts. The increase in operating loss was partially offset by several items. Results for the first half of 2016 included the $8.2 million loss on Hetsco's assets held-for-sale. We also realized $3.3 million of lower operating expenses in the first half of 2017 due to the sale of Hetsco. Finally, we benefited from a $1.6 million lower operating expenses adjustment upon reorganizing our Williams business unit.

Operating loss for our Electrical Solutions segment increased $5.1 million to $8.3 million, primarily due to the increase in estimated losses on certain contracts and the $15.8 million decrease in revenue.

Operating loss for our Mechanical Solutions segment increased $100,000 to $400,000, primarily due to lower gross profit on $30.6 million of lower revenue and $500,000 of additional severance expenses. These higher costs were partially offset by $900,000 of lower operating expenses due to the sale of TOG and lower compensation expense.

At our Corporate level, operating loss improved $2.6 million to $12.6 million, primarily due to lower re-statement expenses.

Please turn to slide 11 for a summary of our Adjusted EBITDA. Adjusted EBITDA decreased $15.6 million in the first half of 2017, primarily because gross profit decreased $20.9 million. This decline was partially offset by $4.9 million of lower selling and marketing, and general and administrative costs. Some of the EBITDA adjustments were related to liquidity initiatives, including the loss on Hetsco assets held for sale and re-statement expenses.

On slide 12, we've provided an overview of the progress that we've made with respect to our new credit facility and other liquidity matters. As previously communicated, in June of this year, we entered into a $45 million senior secured term loan with an affiliate of Centre Lane Partners. The terms are shown here on the slide and the term loan expires in December 2021. In August 2017, we amended that facility and added a $10 million first-out term loan, which expires in September 2018. In October 2017, we sold our Mechanical Solutions segment and we applied $35.9 million of the $44.5 million net proceeds towards debt repayment, which included full repayment of the $10 million first-out loan. We were also very pleased that this repayment was sufficient to remove the minimum liquidity requirements under the Centre Lane facility and will allow us to avoid a payment-in-kind interest rate increase in January 2018.

In the first half of 2017, our operations used $5.8 million of cash. To support our U.S. operations, we successfully repatriated $10 million of cash from our Netherlands subsidiary in the first half of 2017. In November 2017, we received $6.4 million as a partial payment from pre-petition services due from Westinghouse.

As of December 14, 2017, the outstanding balance on our Centre Lane term debt was $25.1 million. Our cash position as of the same date was $15.4 million, which included $11.8 million of restricted cash to cover our cash-collateralized letters of credit and escrows related to the divestitures of TOG, Hetsco and Mechanical Solutions. We have been managing our cash position very carefully.

We discuss our opportunities for 2018 and beyond on slide 13. First, as previously mentioned, we are evaluating strategic alternatives for Electrical Solutions. Successful completion of this initiative could provide us with further liquidity and the ability to further reduce our debt. Listed next is our initiative to create further financial flexibility. We are currently working to secure a new asset-based lending facility. This could allow us to release the restriction we currently have on $9.7 million of our cash, which is primarily the security for our outstanding letters of credit. We also have ongoing initiatives to improve our working capital, specifically our accounts receivable and accounts payable payment cycles. Also, I want to note that we may pursue the refinancing of our existing term-loan under more favorable terms, pending the successful outcome of our Electrical Solutions strategy.

From an operational standpoint, our priority is to focus our resources on our Services segment. Our momentum is building and our opportunity pipeline is developing nicely, both with existing and new customers. We have identified opportunities to further diversify and grow this business.

We believe our operational strength provides us with a competitive advantage, particularly for nuclear decommissioning work. While we have already significantly reduced our corporate and operating cost base, we have identified further opportunities to better align our cost structure with the current and anticipated future revenue environment.

Last, but certainly not least, we believe we are well positioned to become current with our SEC filings upon completion of our Annual Report on Form 10-K for the year ended December 31, 2017 by the due date of April 2, 2018.

Operator, we can now open the line for questions.

Operator: Thank you. At this time, we will be conducting a question-and-answer session. If you would like to ask a question, please press star, one on your telephone keypad and a confirmation tone will indicate your line is in the question queue. You may press star, two if you would like to remove your question from the queue. For participants using speaker equipment, it may be necessary to pick up your handset before pressing the star keys. One moment, please, while we poll for questions.

Thank you. Our first question is from the line of John Walthausen with Walthausen and Company. Please go ahead with your question.

John Walthausen: Yes, a quick question on the Electrical Solutions group. You've isolated that the issues and profitability have been in Houston, but I wasn't clear what you were saying about the troublesome contracts there. When will they actually be completed, and will there be warranty issues that you will be carrying on deep into next year?

Craig Holmes: Yes, good morning. We've been talking about the problems in our Houston plant for a while. They are related to some large, complex projects that did end up bottlenecking the plant. Those projects have already started to be delivered. We've seen truckloads go out over the last few weeks and we expect more truckloads with additional control houses going out over the next few weeks, so we do feel like we're in a better position as we go forward into 2018.

I think your question about warranty exposure is a good one. There's a series of final quality tests that we do on the projects as they are shipped. Customers typically participate in those reviews. We believe that the projects are in good shape. Historically, we have not had significant warranty issues post-delivery and, at this point, we don't expect that to change.

John Walthausen: With shipments going out, are you saying that those contracts should be fully shipped in the first quarter, or is that something that is going on beyond that?

Craig Holmes: No, definitely in the first quarter. We're seeing fourth quarter 2017 and first quarter 2018 shipments for those projects.

John Walthausen: Okay, that's helpful. Does Houston have a reasonable backlog of business that is less troublesome or is that plant then a questionable plant?

Craig Holmes: No, that's the focus. It is a large plant and I think that our ability to handle these larger projects is actually a competitive differentiator. Earlier in the year, we did not have the load properly balanced in the schedule, properly fine-tuned in order to get those projects through the plant in the timeframe that was necessary to avoid the bottlenecks that we experienced. As we look forward, we will continue to do larger projects in that plant, just because it is a big facility, but we will also focus on what I'd say are more of the standard control houses that we've been doing for years, and continue to deliver those through that plant as well.

John Walthausen: Right, so when I look at the $24 million in Electrical Solutions booked in the first half of this year, were those projects part of the bookings there or were they just part of the costs during that period of time?

Craig Holmes: The revenues from those larger Houston projects will be realized here in the fourth quarter and first quarter, as I mentioned earlier, for the most part.

John Walthausen: Right, so those are straight ship and bill to revenues. Those weren't a percentage of completion or anything like that.

Craig Holmes: Correct. When you think about the costs associated with those projects, those costs would typically be matched to the revenues when those projects are shipped. However, if you end up with costs exceeding the revenues and you end up with loss contracts, which we did experience in the first half of the year as Erin mentioned, those incremental costs over and above the revenues are accrued into earlier periods. The revenues will be Q4, Q1, but some of the costs have already been recognized in Q1, Q2 2017.

Craig Holmes: Did I say that correctly, Erin?

Erin Gonzalez: Yes, you did.

Craig Holmes: Thanks, Erin. Okay. Thank you.

John Walthausen: Thanks. Okay, I'll step back and let someone else jump in.

Operator: Our next question is from the line of Bill Nicklin with Circle N Advisors. Please proceed with your question.

Bill Nicklin: Good morning. On the Houston facility, is that owned or leased?

Craig Holmes: That was one of the facilities that was subject to the sale leaseback that we did last year, and so it is currently leased. We sold it and leased it back.

Bill Nicklin: All right. Fine. I had looked back and I saw where it was owned and it slipped my mind that it was part of the sale leaseback. What is the current run rate in the Electrical Solutions business, and how is that broken down between the different businesses involved in that sector? Koontz is part of that now? Or is this all Koontz?

Erin Gonzalez: It's Electrical Solutions. Yes, Electrical Solutions is old Koontz-Wagner.

Bill Nicklin: Therefore all that's in Electrical Solutions then is the old Koontz?

Erin Gonzalez: That is correct. We acquired IBI, and then we merged it with Koontz-Wagner, so right now it's just one legal entity and one brand called Koontz-Wagner that makes up our Electrical Solutions segment.

Bill Nicklin: All right. Yes, I remembered there was another piece to it; I didn't remember they were merged. Could you give me some idea, at least within some reasonable bounds, about what the revenue run rate is and what the revenue capacity is in that facility?

Erin Gonzalez: We expect the revenues for Koontz-Wagner to be around $55 million to $60 million for this year, but that's certainly not reflective of what we expect the business to be able to do in the future. Over five years, we expect that we could have revenues upwards of around $115 million, and so, next year, we expect it to significantly increase. It was down this year mostly because of the issues we've discussed in Houston and the bottlenecks associated with those projects.

Bill Nicklin: Right. Where I'm getting is, a potential buyer, if they thought that they could run the business better than you are running it, are we looking at a business with a potential revenue someplace between $60 million and $100 million?

Craig Holmes: Right. The capacity is there to handle the $100 million-plus of revenues, if that's the question.

Bill Nicklin: Yes. I am just trying to do some mental gymnastics to figure out what a buyer might be willing to pay for the business, which I am not going to ask you because you are not going to tell me, but once I get a handle on the revenues and what the margins used to be in the business and what margins other guys get in similar businesses, we ought to have some idea of what a buyer might pay. That would be a reasonable statement?

Craig Holmes: Right. Yes, you can definitely look at your margins, historical and current, make estimates going forward as well as revenue estimates and translate that into some kind of a calculated value as a buyer would, right?

Bill Nicklin: All right. Good. Now my next question then, what's going to be left in Services, and now is Services all Williams?

Craig Holmes: Yes.

Bill Nicklin: Right. Okay. Is there any reason to believe that Williams going forward won't show similar financial characteristics of the way Williams has operated it over the years?

Craig Holmes: No, and I think that was the point I was making in my comments that, historically, it has been I think low- to mid-teens type gross margin business and we'd expect that to continue going forward.

Bill Nicklin: Okay. Then if I was trying to figure out what the enterprise is worth, I could take the cash, the debt, whatever number I might put on the value of Electrical Solutions being sold, and add that to what Williams would be if it's operating the way it did in the past, and I ought to be able to come up with some kind of a number of what Global Power is worth?

Craig Holmes: Absolutely.

Bill Nicklin: All right. I'm getting to the end of my questions. How much can you say about the Georgia Power contract, seeing as there's only one day to go? Let's make an assumption that they get the go ahead from Georgia Power which, seeing that Toshiba has ponied up the full amount that they said they were going to, it ought to be helpful, but what's kind of a max/min on the Georgia Power Bechtel—obviously, Georgia Power is out because they're only part of it, so let's say the Bechtel contract. I'm trying to figure out in my mind how much business is really there, so if you could tell me what you're legally allowed to tell me, I'd appreciate it.

Craig Holmes: There's the partnership that's been announced, and our participation in the partnership will be accounted for like our GUBMK partnership, where we will recognize net revenues. The net revenue from that partnership is not expected to be significant by any stretch, but there are additional services we are providing. We're providing supervisory staff and other administrative services for the partnership and other projects for the Vogtle 3 & 4 site, and for those, we do expect revenue and margins associated with those and the total relationship to be meaningful for our company going forward.

Bill Nicklin: Okay. Do you think this would be any different than any other similar arrangement that you've had in the past? Along with that question, if you look at the Bechtel contract and a similar relationship moving forward, what you've seen and the situations like this in the past, what percentage of the Bechtel relationship would you assume would turn into revenue for Williams?

Craig Holmes: I'm not sure that I fully followed the question.

Bill Nicklin: Okay, let's say that the Bechtel relationship under the contract with Georgia Power Group is $100.

Craig Holmes: Right.

Bill Nicklin: When you get all said and done about what type of work and how much work you're going to do under that track for Bechtel, traditionally, what percentage of the total Bechtel contract or the total cost to Georgia Power and others of that do you think would fall to Williams?

Craig Holmes: I appreciate you clarifying that. Let me answer the questions a little bit differently, with maybe more specificity even. As we look forward and we look at the work that we're doing related to that relationship, and it won't all fall underneath the contract, as I mentioned earlier, because we are providing incremental services for supervision and other administrative support for the partnership that actually fall outside of the partnership contract. With that being said, we look at that relationship to be a $25 million to $30 million per year relationship. That does not include other projects that we're qualified to do and that we have seen come up and become available to us for Georgia Power, for Southern, related to Vogtle 3 & 4 construction in the future. I think $25 million to $30 million associated with work done in and around the partnership, and then additional work is hard to predict. It has been meaningful in the past. We have a couple projects that we're working on now that fall outside of the partnership, but we'd expect that relationship to continue. We have opportunities in our pipeline with Southern on Vogtle 3 & 4 for additional project work going forward.

Bill Nicklin: Okay, given a little success in your efforts to get more business, could this whole relationship be $100 million a year relationship? More, or less, annually?

Craig Holmes: I'm sorry. Could you ask the question one more time?

Bill Nicklin: Sure. Sorry, I'm not asking clear questions. What I'm trying to find out is, if you get what you would expect to fall under the contract, plus peripheral opportunities and you having a reasonable rate of success on the peripheral opportunities, could there be as much as $100 million a year worth of revenue to Global Power?

Craig Holmes: I think it's a great question, and as I think about the answer to that, we are optimistic about the revenue levels that will be available. One of the data points that we use is, it wasn't that long ago when we were working with Bechtel on completing the TVA Watts Bar nuclear construction projects, and during the final years of that construction, we did see revenues approaching $100 million associated with the work that we were doing.

Bill Nicklin: That was one reactor, right?

Craig Holmes: That was two, right?

Tracy Pagliara: That was two. It's very similar to this one then?

Craig Holmes: I'm sorry…

Erin Gonzalez: It was just one reactor.

Craig Holmes: That was one. Yes, we're working on two now. Correct.

Tracy Pagliara: Right, well this one's twice as big.

Craig Holmes: Right.

Bill Nicklin: At least certain aspects of it are twice as big, the reactor.

Craig Holmes: Right. We're restructuring the work a little bit differently through the partnership arrangement that Bechtel has set up, so there would be differences, but we are optimistic about the amount of work that we can do as this construction project progresses over the next four to five years.

Bill Nicklin: All right. One more question, if you don't mind. How many opportunities for disassembling old nuclear plants would you expect to see come up over the next couple of years?

Craig Holmes: Decommissioning, it's a great market for us. We're earning a reputation as we speak on a decommissioning project with a large partner that's focused on decommissioning. There are currently five plants being decommissioned and there are another five that are expected to be decommissioned over the next five to 10 years. Then, as you look beyond 10 years, right now there are another seven, plus or minus, that have been identified where the decommissioning process would be initiated in that post 10-year period.

Bill Nicklin: Okay. The one you're working on now, what annual revenue run rate does that look like?

Craig Holmes: It has been small to date. We're kind of earning our wings on smaller projects. Let me just speak more generically because I don't want to speak about a specific customer relationship, but as we look into 2018 and beyond and we look at the decommissioning sites and our core capabilities, we can see revenue on a particular site being significant, but for planning purposes, we're thinking $10 million to $20 million per site early on. As we get more experience, we'd expect that to increase.

Bill Nicklin: That would be 10% to 20% of a normal $100 million decommissioning project?

Craig Holmes: Right, and some estimates for decommissioning are as high as a billion dollars.

Bill Nicklin: I see. Oh, okay. That's larger than I had expected. Very good. I appreciate it. Let's hope you can get all this accomplished.

Craig Holmes: Yes, we've made great progress to date, but we're not quite to the end of the path yet. Thanks for your continued support.

Bill Nicklin: Sure. You're very welcome.

Operator: Our next question is from the line of Paul Essi with William Woodruff and Company. Please go ahead with your question.

Paul Essi: Good morning and thanks for taking my question. I wanted to go back to Electrical. In the September call, you mentioned that you expected margins to get back to normal in 2018. Do you still expect that, and what would you consider normal?

Erin Gonzalez: I would say, yes, we expect margins to definitely rebound in 2018. They would probably be somewhere in this 15% to 18% range.

Paul Essi: Okay, and those are operating numbers?

Erin Gonzalez: Yes, those will be the gross margins, and we would expect that to be in the normal, probably in the high teens for Electrical Solutions.

Paul Essi: How would that work out to be on an operating basis, margin wise?

Erin Gonzalez: Probably somewhere in the mid-single digits of 4% to 6% on an EBITDA basis or an operating margin basis.

Paul Essi: Okay. One last question. How much of the backlog is still on a fixed-price basis?

Craig Holmes: For Services?

Paul Essi: In the Electrical.

Erin Gonzalez: It’s all project costs.

Craig Holmes: It's all fixed pricing.

Paul Essi: Okay, and you feel comfortable that you have the controls in the Houston facility at this point to achieve the margins you're talking about?

Erin Gonzalez: Yes. We have a great management team that’s absolutely focused on getting these bottlenecks removed, and they definitely have a better strategy in place for going forward, so we definitely believe we can achieve the financial results we need to.

Paul Essi: Thank you.

Erin Gonzalez: You’re welcome. Have a great day.

Paul Essi: Thank you very much.

Operator: As a reminder, to ask a question today, you may press star, one. Our next question comes from the line of Matt Pilkington with Strategic Credit. Please go ahead with your question.

Matt Pilkington: Good morning. Just a couple of questions. The interest rate on the Centre Lane loan is currently LIBOR plus 9%, plus a 10% PIK. Is that quarterly? Is that a quarterly charge?

Erin Gonzalez: We pay cash interest monthly.

Matt Pilkington: And the PIK is on a monthly basis as well?

Erin Gonzalez: That’s correct.

Matt Pilkington: There was a penalty you talked about which you avoided. Was that on the $10 million or is that on the Centre Lane larger loan?

Erin Gonzalez: That was on the larger loan, so with the debt repayment that we made in October, that eliminated the additional PIK interest that would have been on the core loan.

Matt Pilkington: That additional is additional to the 10%, or it was the 10%?

Erin Gonzalez: No, it was in addition to the 10%.

Matt Pilkington: In addition. The prepayment that's the 0% to 3% premium on the face value of the loan whenever you prepay?

Erin Gonzalez: Yes, for the first year.

Matt Pilkington: Then following, there's no more prepayment penalty?

Erin Gonzalez: Yes, it scales, so it's 3% for any prepayments for the first year, 2% for the second year, 1% the third year, and then 0% after that, but on our $34 million payment that we made in October, we did not have a prepayment penalty.

Matt Pilkington: Then, if you can get the asset- based loan before the sale, if it comes, of Electrical Solutions, would that cover some of this? I mean, I was going to say it's a crazy line and I know it's gotten you through some tough times, but it's obviously a very high rate. Would the ABL cover more of that?

Erin Gonzalez: Yes.

Matt Pilkington: Okay. Just a couple more questions. To get current on your filings, right now you only need the 10-Q for September 30. You say in your press release that you would be current when you publish your 10-K for 2017 in April. Are you planning to do the Q at the same time? Or earlier?

Erin Gonzalez: We plan to file our third quarter Form 10-Q next month, in January.

Matt Pilkington: Wouldn't you be current then, rather than in April?

Erin Gonzalez: That's correct.

Craig Holmes: It's a technical discussion as to whether you're current when you file it or current when you file currently, which would be the fourth quarter, if you understand.

Deborah Pawlowski: Yes. We'll be caught up, but we won't technically be current.

Erin Gonzalez: Yes, We won't be technically current until we file the 10-K for 2017, but we will be caught up. Does that makes sense?

Matt Pilkington: Well, that would sort of suggest to me that everybody is not current who doesn't file a 10-K.

Deborah Pawlowski: Our third quarter Q is filed late.

Erin Gonzalez: Yes.

Matt Pilkington: Oh, I see. Doing that has triggered that you're not current until you—okay. The chances of you getting put back onto a normal exchange would not occur until the K would come out in April?

Deborah Pawlowski: We wouldn't qualify until after that. Correct.

Matt Pilkington: Yes. Last question.

Erin Gonzalez: Can I clarify one of your earlier questions, though? You asked about the revolver and whether that would be used to pay down term debt? The revolver would basically be to be able to issue new letters of credit and to provide incremental liquidity to sort of smooth out the ebbs and flows of our cash position, so it wouldn't be used to pay down term debt.

Matt Pilkington: Okay. One of you said that there was a no signed work order, which caused a lot of issues. I presume that was at the Houston plant. Why would anybody do a no signed work order? I mean, is that something which is normally done?

Erin Gonzalez: Yes, your question is on Services, and the issue is, when we do work on nuclear sites, a lot of times the workers are there for many hours a day. Given the nature of the work, a lot of times there are certain administrative procedures you have to follow in order to get an approved change order, and the work can't stop while you're waiting for those administrative procedures to happen. That was the case in this one particular instance that caused the issue in our first quarter.

Craig Holmes: This is Craig. These outages that are scheduled at the nuclear plants are short periods of time where lots of work is getting done because, of course, the goal is to get the plant back on site. We have teams of people working and assisting with the outages. There are times when work unknown at the beginning of a project becomes necessary. For example, you're moving or replacing a piece of equipment and you find out that the substructure underneath the equipment, once it’s been moved, needs to be replaced. That would be something that our customer comes out and would say, “Hey, we need to reconstruct the substructure. Can you do that?” You'll have conversations at that point in time about, “Yes, here’s a scope. Here’s what that would look like.” That back and forth with customers like that during the heat of the battle, while these outages are occurring, that type of back and forth occurs all the time. With that being said, there's no reason why we would be in a position, where we have literally millions of dollars of change orders that are now being disputed. There was poor communication, poor processes on our side that we can certainly address and will improve and have already improved, that will prevent that type of situation from arising again.

That practice that I described has been typical within the industry and within our customer base. Even with multiple customers and even with this particular customer, we handle change orders with a more immediate, less formal process and it has always worked out well. In this case, it did not and we need to address the risk of that occurring in the future, which we have already begun to do; and then, we are certainly not giving up on the fact that, even though these change orders are being disputed, we believe that there's still a likelihood that a certain percentage of the open change orders will be resolved in our favor. We're going to continue to work through the dispute resolution process and work hard to monetize as much of that work as possible.

Matt Pilkington: Okay. Thank you.

Operator: Thank you. As a reminder, to ask a question today, you may press star, one. The next question comes from the line of Dennis Scannell with Rutabaga Capital. Please proceed with your questions.

Dennis Scannell: Yes, good morning. I just have a couple of quick things. It looks like the Corporate expenses in the segment data has been running around $20 million a year, kind of a $25 million run rate year-to-date in ‘17. If we are successful in selling Electrical Solutions and get reasonable proceeds, and can claw back that term, we're now running just with our Services business which, over the past few years, at least on an operating income level, has kind of generated between $13 million and $16 million. What do you think that Corporate expenses will look like in terms of how much can you reduce that so we actually get the money going forward?

Erin Gonzalez: Yes, we would expect our Corporate expenses to be somewhere in the $4 million to $6 million range in the future.

Dennis Scannell: Okay, well that would do it. That's great. Then, Erin, I'm not sure if I understood the timing on the ABL. Do we need to sell Electrical Solutions and eliminate that term debt to do it, to get a revolver on there to fund these letters of credit, or can that be done with holding the term loan and without the sale of Electrical Solutions?

Erin Gonzalez: It can be done with our business as it is today, and in fact, we're working on that as we speak.

Dennis Scannell: Okay, great. Good luck on that. That's great. That's all I have. Thank you.

Erin Gonzalez: Thank you.

Operator: Thank you. Our next question is from Phillip Zureick, a private investor. Please go ahead with your question.

Phillip Zureick: Yes. Hi, thanks for taking the question. I just want to get back to some of the basics as to how the Company got to where it is and the state it's in today. My first and most obvious question is, what took so long for a company of this size to get its accounting straight, so that you could file proper Q statements?

Craig Holmes: All right. That's a great question and, quite honestly, we've addressed this question before. The term I usually use is that this particular re-statement was the mother of all re-statements. Literally, the Company had to go back and recalculate revenue and costs for every transaction in its five-year history, so it could restate the five-year tables in the SEC documents. It's a very, very complicated and administratively difficult process. Literally thousands and thousands of transactions had to be recalculated and then recompiled and then reaudited. That's really what gave rise to the length of time involved in the re-statement.

Operator: Thank you. Our next question comes from John Deysher with Pinnacle Capital. Please go ahead with your question.

John Deysher: Hi, good morning. Back to KW for a second. You said you've hired an investment banker to evaluate strategic alternatives. I was just curious as to where we are in that process? Have books been put together? Have potential parties being contacted? Where is the sense of urgency in terms of moving this forward?

Tracy Pagliara: Hi. This is Tracy Pagliara. We are actively pursuing the process. It's been initiated. We have contacted parties. We're in discussions with various parties, so there's a great sense of urgency to move forward as quickly as possible, and we're applying all the necessary resources to move the process forward to a conclusion as early as possible in the first quarter.

John Deysher: In the first quarter, you say?

Tracy Pagliara: Mm-hmm.

John Deysher: Okay, good. That's encouraging. Switching gears to Williams, it sounds like the decommissioning arena would be a good one for you. Obviously, a lot of people are probably thinking the same thing, and I'm just curious, you mentioned you were partnering with a decommissioning firm already. Can you share with us who that is?

Craig Holmes: We're trying to avoid naming specific customers and partners for competitive reasons.

John Deysher: Okay. Let me rephrase that. Who are the major players in the decommissioning market today?

Craig Holmes: Well, there are a variety out there. I think the way I would address your question is, I think about the type of work that we're qualified to do, and where we could play in the decommissioning space is, we have experience working on nuclear sites. We can certainly handle hazardous material abatement, the lead paint, the asbestos type. We can handle the transfer even of nuclear fuel; we have experience in that. We've worked with the dry storage providers and support companies out there. There is work that could be done to provide temporary utilities power, additional coatings as decommissioning takes place, site restoration. Our expertise is all around supervising and managing projects that involve highly-skilled craft labor, and we have a lot of experience working with nuclear sites. There's a variety of large companies that would be involved in that and we're certainly open to partnering with any of them.

John Deysher: Okay. At what point do you think you might disclose the decommissioning revenue as a percentage of Williams revenue?

Craig Holmes: I'd like it to be meaningful in 2018. Let's keep that part of the conversation going for 2018. We're encouraged because we are doing projects, but to-date our decommissioning revenue has not been meaningful.

John Deysher: Right. That would just give us confidence that, in fact, you are moving the ball forward on the decommissioning front, to be able to disclose what percentage is actually decommissioning?

Craig Holmes: Absolutely. Making a note that we've made that commitment.

John Deysher: Okay, great. Thank you very much.

Craig Holmes: You bet.

Erin Gonzalez: Thank you.

Operator: Thank you. At this time, I would like to turn the floor back to Craig Holmes for closing remarks.

Craig Holmes: Well, thank you so much. Let me just conclude by saying that we recognize that we have more work to do, but we are making some nice progress in simplifying and strengthening our Company. The Management team and other members of the Global Power team are working together with a common set of goals and core values to improve performance. I would like to thank all of our investors for your continued patience and support, and I thank the team here at Global Power for all the hard work that they do. Thanks again. Have a great day, and I hope you and your families have a wonderful holiday season.

Operator: Thanks. This concludes today's conference. You may disconnect your lines at this time. Thank you for your participation.