Operator: Greetings and welcome to the Global Power Equipment Group, Inc. 2015 Results and Restated Prior Periods Conference Call. At this time, all participants are in a listen-only mode. A brief question-and-answer session will follow the formal presentation. As a reminder, this conference is being recorded.

It is now my pleasure to introduce your host, Ms. Deborah Pawlowski, Investor Relations for Global Power. Thank you, Ms. Pawlowski. You may begin.

Deborah Pawlowski: Thank you, Michelle, and good morning, everyone. We certainly appreciate your time today and your interest in Global Power.

I have here with me today Terence Cryan, our President and CEO; and Craig Holmes, our Chief Financial Officer. You should have received a copy of the news release across the wires yesterday aftermarket, as well as the 2015 10-K that was also filed at this time. There are slides that also accompany today's discussion and if you don't have them, you can find all of these documents on our website at www.globalpower.com.

Given the significant amount of information provided in 2015 10-K, I want to make sure you know that, in addition to the audited financial results and MD&A for 2015, the 10-K includes restated and audited financials for 2014 and 2013 and financial data for 2011 and 2012 which were restated and but not audited. Additionally, the filing includes financial information for the quarters of both 2015 and 2014 and MD&A that discusses those quarters. To understand the impact of the previously reported results versus that restated, you will find a table in the 10-K that itemizes those changes.

As you are aware, we may make some forward-looking statements during the formal presentation and Q&A portion of this teleconference. Those statements apply the future events, which are subject to risks and uncertainties, as well as other factors that could cause the actual results to differ materially from what is stated here today. These factors are outlined in the news release as well as with documents filed by the Company with Securities and Exchange Commission. Also please review our forward looking statements in conjunction with these precautionary factors.

Let me also caution you regarding our preliminary 2016 financial results. Due to emphasis on the prior period restatements, Global Power has not yet completed the typical quarter and year-end closing and review processes for any 2016 period. The completion of such procedures, final adjustments and other subsequent events which may arise between now and when we issue 2016 financial results, may cause actual results to different materially from what we have provided in the release and the slides.

You should also be aware that, due to the material weaknesses described in the 2015 10-K, Global Power's internal controls over financial reporting were not effective as of December 31, 2015 and, while much progress is being made, these material weaknesses have not yet been remediated. The material weaknesses in internal controls also increase the risk that preliminary 2016 information may need to change.

In addition, I'd like to point out that, during today's call, we will discuss non-GAAP measures, which we believe will be useful in evaluating our performance. You should not consider the presentation of this additional information in isolation or the substitute for results prepared in accordance with GAAP. We have provided reconciliations of non-GAAP to comparable GAAP measures in the tables accompanying the earnings release.

So with that, let me turn it over to Terence to begin.

Terence Cryan: Thank you, Debbie. And thank you, everyone for joining our conference call this morning. It's not often that a CEO has to wait more than 18 months after taking on the role to have their first teleconference. So, let me start by saying thank you to all our stakeholders for your patience throughout the long, difficult restatement process.

Over the past 18 months, Craig and I have spoken with most of our larger shareholders, and we are looking forward to continuing to maintain a regular dialogue on a more normalized basis once we become current with our SEC filings. I became CEO of Global Power in late March of 2015. While I knew going in that we had some organizational and operating challenges to address, it was not until around week five on the job that the possibility of the need for our financial restatement began to emerge.

With our announcement in early May 2015 of a need for a financial restatement, we were faced with both the financial restatement and the need for an operating turnaround, which has certainly tested all of us over the past 18 months.

With the distraction of the restatement now behind us, we can now be firmly focused on the future. I'm excited about the foundation we've been building and the opportunities that lie ahead.

Now, please turn to slide 3, which starts with an overview of our restatement process. This restatement impacted our financial statements for 2011 through 2014, which obviously caused delays in reporting our 2015 and 2016 results. You can see some of the key dates here relative to the restatement process.

While the restatement has been a very difficult, extremely time consuming and expensive process, we're pleased that the special committee of the board after an extensive investigation found that there was no evidence of fraud or intentional misconduct.

Throughout the restatement period, we've been able to negotiate waivers with our bank group as necessary. On the bottom half of slide 3, you will find a summary of the types of adjustments that were required to complete the restatement of our financial statements.

Within our Mechanical Solutions segment, virtually all material revenue and COGS transactions over the past four years were recalculated and restated, a massive undertaking. We also corrected out-of-period project costs, warranty reserves, goodwill impairment and adjustments to other accounts. Our interest expense had to be recalculated using the higher default rates applicable to restated results and we had to revise our tax calculation.

Please turn to slide 4, so we can review some of the operational enhancements to our business during this period. Starting at our board level, we now have five new independent directors who bring fresh perspective and insight to our business.

Craig Holmes joined our team in September 2015. Craig is a seasoned public company CFO who has been an outstanding partner to me, and has brought new leadership to our financial organization. We also brought in a new Chief Accounting Officer.

We named new business unit presidents for each of our three operating segments. They have instilled a focus on meeting and exceeding customer expectations, accountability and responsiveness. We added a new VP of Internal Audit and, within our financial organization, added new business unit controllers and a corporate controller. We strengthened our accounting and operations functions within the products businesses.

We have been addressing key processes related to estimating, project management, engineering, scheduling and load balancing. We have also improved our capability through personnel changes, technology enhancements and process improvement initiatives.

In the course of restructuring our operations, the result was the elimination of over 1,000 positions. Our restructuring initiatives impacted several of our operations. In our Electrical Solutions segment, we closed our facility in Chattanooga. In our Mechanical Solutions segment, manufacturing in Mexico was eliminated and operations in Tulsa and Massachusetts were rightsized. At the same time, our Braden Europe operations continued to perform well and we expanded capacity of our operations there by moving into a larger, leased facility.

Please turn to slide 5 for an update on our commercial markets. With new leadership teams in place at both Mechanical Solutions and Electrical Solutions, we are working diligently to rebuild customer relationships that were harmed in prior years. We are having success rebuilding trust and commercial proposal activity in both of our products segments is ramping up. Operationally, our products segments are focused on the fundamentals, for example, to improve the lines of communication between our commercial and operations teams, we initiated weekly project reviews, addressing potential project related problems proactively and resolving them quickly.

Diversifying our customer base to reduce dependency on a concentrated group of customers while leveraging our installed base and growing our aftermarket offerings are core objectives for Mechanical Solutions.

Our Services segment was largely unaffected by the restatement. During 2015, a large utility fleet maintenance contract was not renewed and we responded quickly to reduce our operating expenses. Our Services business has developed into a superior construction project business with a broader range of customers.

Now please turn to slide 6 where I will summarize our updated strategy before I turn the call over to Craig to review our financial results. We have transformed our culture into one with an operational excellence and customer-centric focus. We have businesses with premier brand names such as Braden, CFI, Koontz-Wagner, and Williams that have long operating histories in the energy and industrial markets.

An important element of our strategy is our lean manufacturing and continuous improvement initiatives. We anticipate this will drive further improvements in our on-time delivery and product quality, as well as efficiency in our commercial sales processes. The strategy requires attention to operational effectiveness, employing the best estimating and engineering tools, applying rigorous project management techniques, and attracting industry recognized sales professionals.

Finally, we are taking proactive steps to position Global Power as an employer of choice, allowing us to attract and retain the best talent. This is a key element of our plan to position the company to realize its potential and recapture its inherent value for the benefit of all our stakeholders.

The improved conditions underlying our markets present exciting potential opportunities to an increased demand for our products and services. With the restatement behind us, our resilient organization can now energetically pursue and capitalize on these opportunities.

With that overview, I'll pass the call on to Craig. He will update you more fully on our financial results for 2015, as well as our liquidity status. Craig?

Craig Holmes: Thank you, Terence, and good morning everyone. I joined the company a year-and-a-half ago and I focused primarily on operational and liquidity initiatives, while my predecessor, Tim Howsman, wrapped up the restatement process. Regretfully, Tim has decided to retire, but I would like thank Tim, as well as the accounting, finance, tax, legal, and IT teams, for working so tirelessly for so long to get this Company past this important milestone. I'll be assuming the role of CFO going forward.

So, this is an unusual conference call today, as we're only able to cover 2015 and prior periods in detail. As a company, we now have to carry the restatement adjustments forward and finalize our 2016 10-Qs and 10-K. It's good to get the restatement behind us, but we still have much more work to do before we can share our detailed 2016 financial results with our investors.

Towards the end of this call, I will provide some high-level 2016 preliminary estimates. I know we've provided a lot of new information to investors yesterday, but my comments will be focused on the 2015 results compared to the restated 2014 results. I will generally follow the presentation slides provided. We will be glad to have follow-up calls with those of you that have more detailed questions related to 2015 and prior periods.

Let me start with revenue and gross margins, summarized on slides 7 and 8. In our Mechanical Solutions business, 2015 revenue and gross margin declined due to a variety of factors. Revenue decreased by $23.3 million in 2015, largely as a result of fewer filter house and inlet system orders from two of our major OEM customers in the U.S. There were quality and on-time delivery issues with both of these customers which stemmed from prior periods, and which negatively impacted revenue, margins, and 2015 bookings.

In addition, the strengthening of the U.S. dollar versus the Euro, contractual liquidated damages, loss contract accruals and increased warranty expense all contributed to the deterioration in revenue and gross margin in 2015.

In our Electrical Solutions segment, revenue increased $15.8 million, primarily driven by $13.4 million of incremental revenue associated with the Siemens eHouse acquisition, which was completed in the first quarter of 2015. Electrical Solutions' gross margin was negative in 2015, driven by operational inefficiencies in our plants, integration issues, loss contract accruals and high warranty expenses.

In addition, a decision in late 2014 to move to a matrix organizational structure had a significant negative impact on both the Mechanical Solutions and Electrical Solutions segments. While this initiative was abandoned in the second quarter of 2015, operating performance, orders and backlog in both segments were negatively impacted. To say the least, both of the products segments performed poorly in 2015. As Terrance mentioned, new executives and new business leaders are working together with our dedicated people throughout our companies on many important initiatives to achieve improved performance.

Let me move on to the Services segment, which accounts for over half of consolidated revenue. Services revenue grew 18% in 2015 and delivered 12% gross margin. Revenue increased primarily due to a construction support services contract at a new build nuclear site. It also increased due to a customer outage that is scheduled every 18 months and various other projects. However, the project at the nuclear site was substantially completed in 2015. Gross margin declined in 2015, primarily due to project mix. One other comment, I would like to make about the Services segment accounting, is that the Services Segment accounting was substantially unaffected by the restatement process. There were some accruals that were between the periods, but nothing material.

Please turn to slide 9. Included in 2015 operating expenses are charges of $47.8 million for non-cash impairment charges and $14.4 million of restatement related legal and accounting costs. Also, we had higher selling and marketing expenses in 2015 which were attributable to incremental bad debt expenses and increased sales compensation, which was incurred in an attempt to stem revenue declines in Mechanical Solutions.

Lower G&A expenses were primarily driven by lower compensation cost. For both fiscal years, the gain on currency translation was largely driven by the change in exchange rates of the Euro and the Peso, relative to the U.S. dollar.

On slide 10, we've summarized non-operating items and our net results. Valuation allowances on deferred tax assets of $44.9 million were recorded as tax expenses in 2014, and the tax benefit recorded in 2015 was primarily driven by the 2015 impairments I mentioned a minute ago. Although valuation reserves have been booked, the Company still has very significant deferred tax assets, including a $130 million federal NOL carryforward which doesn't start to expire until 2026.

At the bottom-line, the Company incurred a $78.7 million loss for 2015, driven by the significant operating losses in the two products businesses. This loss decreases meaningfully when you add back the non-cash impairments and the costs associated with the restatement. With these and the other add backs included in the EBITDA reconciliation table in the press release on slide 11, the adjusted EBITDA loss is $6.9 million.

Now please turn to slide 12 and I will talk about Global's liquidity situation. During the first four months of 2015, Global received incremental borrowings of $25 million on its revolving credit facility. However, the announcement of the restatement in May 2015 caused the Company to not be in compliance with various covenants of its loan agreement and no incremental borrowings under its revolver have been allowed since that time.

Since May 2015, the Company funded operations from net cash flows from operating activities and aggressive working capital management, but this is not a long-term solution. Beginning in mid-2015, management began implementing a multi-step plan to address the severely constrained liquidity. The liquidity plan consisted of the following: continued focus on accelerating collections and balancing receivables and payables, reducing operating expenses, assessing potential asset sales, and refinancing outstanding debt.

To date, there have been positive results. We have reduced working capital investments. Since 2015, we have reduced our ongoing operating expenses through various cost reduction initiatives. As Terrence noted, we have consolidated and eliminated multiple facilities. And at the same time, we reduced head count by over thousand people since the end of 2015.

In addition, we've successfully negotiated several significant asset sales. In July 2016, we sold our software subsidiary, TOG Holdings, for $6 million in cash. In December of 2016, we completed a $14.8 million sale leaseback transaction for three of our facilities. In January 2017, we sold the stock of our subsidiary Hetsco for approximately $22 million in cash. The net proceeds of over $37 million from these transactions were used to pay down debt, which has now been reduced from $70 million at the end of 2015, to approximately $29 million at the end of February 2017.

Cash at the end of February was $20.3 million, including $14.3 million of restricted cash to cover LC's and escrow related to the asset sales.

As of today, our short-term liquidity position continues to be very tight. The critical outstanding component of our liquidity plan is a refinancing of our revolving credit facility prior to its maturity on May 15. We have engaged an investment banking firm to facilitate a process to refinance the debt, and provide additional debt capacity to fund our ongoing operations. We started this process last month as preliminary restated numbers became available.

While the company believes it will be ultimately successful in this refinancing effort, there's a very tight timeframe involved. As such, there is no assurance that we will be successful in our refinancing efforts. We also cover our liquidity outlook and related risk factors in detail in our 10-K.

Please turn to slide 14 and let me provide now a little insight into our preliminary 2016 estimates. At the top-line, preliminary 2016 revenue is currently expected to have decreased by approximately $170 million related primarily to the reduced Services revenue, resulting from the non-renewal of a maintenance and modification contract, and a construction support project for new nuclear reactor that was substantially completed in 2015.

Preliminary 2016 adjusted EBITDA is currently estimated to be slightly positive, assuming the same types of add-backs and reconciling items indicated in the press release table for 2015 and 2014. It is quite encouraging to be able to forecast slightly positive results in light of the significant 2016 revenue decline expected. It's clear that the business improvement and cost reduction initiatives previously discussed are already improving the bottom line.

Preliminary backlog at December 31, 2016 is currently estimated to have decreased by approximately $20 million primarily due to continued declines in the Mechanical Solutions backlog.

We described multiple cautionary factors in the press release related to ongoing 2016 analysis and review procedures as well as the existence of multiple internal control material weaknesses. Accordingly, investors are cautioned not to put undue reliance on these preliminary estimates.

Let me wrap up by saying that, although we currently expect to see some bottom line stability in 2016, the turnarounds of our U.S. Mechanical Solutions business and our Electrical Solutions business are far from over. We are rebuilding customer relationships and looking to new markets in all of our segments. We are in the early stages, but we are seeing some nice progress, giving us confidence in the actions we are taking.

The new management team members and the other members of the global team are working together with a common set of goals and values focused on safety, integrity, excellence in all we do, as well as growth and profitability. I want to thank our investors for your patience and support and I want to thank the team here at Global Power for all your hard work.

With that, we will now open up the call for questions. Michelle?

Operator: Thank you. We'll now be conducting a question-and-answer session. Our first question comes from the line of Bob Labick with CJS Securities. Please proceed with your question.

Chris Moore: Hey, good morning. It's actually Chris Moore for Bob. Thanks for taking my questions. Maybe we could start in terms of just trying to get a feel for what the normalized gross margins should be for the three segments? Can you just talk to that a little bit in terms of what makes sense for us when we're looking at those?

Craig Holmes: Yeah. This is Craig. I think as you look backwards to prior periods, we saw gross margins in the mid-teens level at our businesses. I think as we look forward into the future, we'd like to see margins return to that mid-teens plus or minus, maybe the products business is a little higher, maybe the Services business is just a little bit lower depending on the project mix, but that's where we're focused at this point.

Chris Moore: The Mechanical and the Electric would have similar margin profiles?

Craig Holmes: Yes.

Chris Moore: Okay. All right. In terms of the three businesses that are there, do you view them complementary or are there still opportunities for divestitures, at this stage how would you view those?

Terence Cryan: We do view each of our three segments at this point as being core assets of the Company. We do see opportunities to better integrate the businesses on a go forward basis and one of the key initiatives that we have within our Mechanical Solutions segment is further growth in our aftermarket activities, taking advantage of the large installed base of equipment that we have around the world including here in North America.

As we grow our aftermarket business, there should be increased opportunities for Mechanical Solutions to work together with our Services business on aftermarket installs.

Chris Moore: Got it. Interesting. Obviously, it's part and parcel of the refinancing, but moving forward are there tuck-in acquisitions that you could see? Is there one area that would make more sense than another, or is that just too far down the line to contemplate at this point in time?

Terence Cryan: I think it's always exciting to think about growth opportunities. Having gone through a very difficult last couple of years, we are very anxious to get back on the path to growth. I do think as we refinance our debt obligations, and we have a more normalized working capital situation, my hope is that we will have the opportunity to look at those sorts of tuck-in acquisitions.

Chris Moore: Got it. Just a couple of more, in terms of the current scale of the three businesses, is there enough there to fully absorb the corporate and general overhead? Do you need much growth in order to meet that slightly positive EBITDA you're talking about?

Craig Holmes: Yes. I think we do expect the top line to grow. I think we do need to continue to look at our overall cost structure and look for ways to be as economical and as effective as possible. I think we've done a lot so far, even since 2015. As we mentioned during the call, I think we have more work to do. I think as we sit here today, I think we'll be able to gain efficiencies as we evolve from the restatement process into a normal reporting operating public company. So we're going to continue to work to grow to further support our corporate overhead and SG&A. At the same time, we'll continue to look at those underlying costs.

Chris Moore: So, in the absence of growth would you be able to fully cover the overhead at this the stage?

Craig Holmes: With the 2016 preliminary estimate of slightly positive adjusted EBITDA, it does cover the normal recurring overhead that we would expect to have in 2016 and going forward.

Chris Moore: And given the divestiture of TOG and Hetsco, does that change that conversation much?

Craig Holmes: No, it does not.

Chris Moore: And my last question, in terms of capital requirements, you've been doing everything you can on the liquidity side, is there much CapEx that needs to happen that was put on hold along the way and how significant would that scale be?

Craig Holmes: Right. That's a great question. We actually did scale back our CapEx in 2016 but then we sold the facilities at the end of 2016, so it actually worked out pretty well overall. We do not see significant CapEx requirements. Our maintenance CapEx is probably in the $4 million to $5 million range going forward, so you can see it's down from where it's been historically, which you would expect with fewer rooftops to support.

Chris Moore: Got it. I appreciate it, guys.

Craig Holmes: You bet. Thank you.

Terence Cryan: Thank you.

Operator: Thank you. Our next question comes from the line of John Walthausen with Walthausen & Company. Please proceed with your question.

John Walthausen: Yes. Thank you. I just wanted to explore a little bit of your statement that you reduced your head count by 1,000 which is obviously quite impressive, but can you break out and say how much of that relates to the divestitures, the loss of the maintenance contract and the completion of the nuclear program, and how much is more organic?

Craig Holmes: A little over half of that relates to head-count reductions within our Services organization, and a little bit less relates to head-count reductions within our products organizations. So the reduction in our Services organization would relate to the maintenance contract as well as the completion of that nuclear construction support contract that I discussed. Does that help?

John Walthausen: Yeah. That's very helpful. So, it's quite meaningful. Thank you.

Craig Holmes: You bet.

Operator: Thank you. Our next question comes from the line of John Deysher with Pinnacle Value Fund. Please proceed with your question.

John Deysher: Hi. Good morning. Following up on a prior question in terms of the corporate expenses referring to page F-60 of the 10-K, $33.9 million for 2015, I would presume that includes the restatement expenses of $14.4 million, is that correct?

Craig Holmes: Yes. Yes, it does.

John Deysher: Okay. Does it include the $1.3 million of severance?

Craig Holmes: Some severance was incurred at the corporate level and some was at the operating business level. It's about half and half.

John Deysher: Okay. So, one half is corporate, the other half was in which segment then, Mechanical, Electrical or Services?

Craig Holmes: As you look across the three segments, we had some severance in each of the three segments in 2015. I am looking for the exact split out. I don't have that in front of me but we're glad to get that to you, but there was some severance incurred in each of the three segments, during the 2014 and 2015 years.

John Deysher: Okay. That's not included in the impairment charges by segment?

Craig Holmes: No, it's not. Impairment is just related to the goodwill and trade name impairments.

John Deysher: Okay. And the bargain purchase gain of $3.2 million, which segment was that related to?

Craig Holmes: That was Electrical Solutions. That was in association with the eHouse acquisition in the first quarter of 2015.

John Deysher: All right. I'm just trying to get a handle on the segment profitability, because there is obviously some adjustments that have to be made to those numbers to get a clearer picture.

Craig Holmes: Right.

John Deysher: The other question is, you made a lots of progress and we're all very happy about that, but frankly what's the path to shareholder value going forward? How do you create value for the shareholders?

Terence Cryan: I think, as we look at that, it's really restoring our Mechanical Solutions and Electrical Solutions business to normalized levels of margin and profitability associated with well run businesses. Our Mechanical Solutions business is a longer cycle business. From purchase order to delivery, it can often times be more than a year.

We have seen in recent years, a pretty significant and dramatic deterioration in backlog in that business clearly associated with our failure to meet the expectations of two major OEM customers. We have taken substantial steps to rebuild those relationships. I think that we are going to see the fruits of that effort as we go forward and I do believe that we can restore that business over time to more normalized margin and profitability.

I also think we're going to see growth in our aftermarket effort, which we have put significant emphasis on going forward. We have a real opportunity to capitalize on the large installed base we have within Mechanical Solutions, and we're working diligently towards that.

In our Electrical Solutions business, clearly we were having some operating difficulties in late 2014 which carried over into 2015. We made three acquisitions in that space encompassing four plants, and we had attempted to put record volume of orders through those plants without doing some of the post-acquisition integration that would make that effort successful. We've taken substantial steps to address that problem.

We believe we have a very solid business in that segment. We think we're very well positioned with the three plants that we have. We are seeing a nice rebound in terms of commercial activity as we have reestablished ourselves with customers as a company that they can depend on to deliver on time and on quality. Over time, we expect to see these businesses return to more normalized margin and profit opportunities.

I also think our Services business is well positioned going forward. We have moved away from our reliance on one large maintenance contract historically, to a more diversified project based business with a more diversified customer base. We continue to prove ourselves each and every day on these projects. I think we're seeing the results of that. I do think there is a path here to recapture value for shareholders, and that's what we're after.

John Deysher: Good. That's helpful. Finally, could you talk a bit about incentive compensation at the divisional level? What drives their incentive compensation, and also at the corporate level, what drives your team's incentive compensation?

Terence Cryan: Sure. We have a fairly traditional incentive compensation plan, which encompasses both our short-term incentive annual cash bonus opportunity as well as a longer term equity-based incentive plan.

The short-term incentive plan is principally focused on achieving EBITDA targets at the business level, at the corporate level and on a consolidated basis. We also have, as a component of our short-term compensation plan, some key performance indicators, which are customized for each of the individual business units and for corporate. So, again, they are fairly traditional approaches to that, but very much an emphasis on achieving EBITDA targets.

On the long-term incentive plans we have had to make some adjustments to the way we are structuring our LTI plans, given the restatement period. But we are focused on a fairly traditional split between time-based incentives, which allow us to retain our best talent particularly during the difficult and long restatement period, and then a performance element to the LTI equity plan. I hope that's helpful.

John Deysher: Okay. The performance element is tied to what, EBITDA as well?

Terence Cryan: We've had different targets over prior years relative to long-term incentives. In the 2016 plan, it's actually not tied to EBITDA because our STI plan is tied to EBITDA, and we didn't want to essentially double up on the same metric. We have a stock price performance target built-in for LTI.

John Deysher: So, that's primarily stock price driven?

Terence Cryan: In the current year.

John Deysher: In the current year of 2016. Okay. Thank you very much. Good luck to you.

Terence Cryan: Thank you.

Craig Holmes: Thank you.

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

Bill Nicklin: Good morning. I have a question on the trigger and then allocation of the impairments. What I'm asking is, what triggered it? And then after it was triggered, how did you come up with the number? And then how did you allocate that number?

And then lastly, associated with that, I read some place in here that it also was an impairment of fixed assets, and I'd like to understand that if, in fact, my memory serves me correctly.

Craig Holmes: Yes. Okay. Let me start with the last question first. There is a small impairment of fixed assets related to the Europe facility that we put on the market. We had to write that down to what we think the net realizable value is for that. That's a smaller facility, it'd be less than a $0.5 million of net realizable value for that real estate parcel, is what we expect.

With respect to the goodwill, there are triggers in the accounting literature. In our case, it was driven by the reduction of our stock price. That caused us to have to go back and take a hard look at the valuations of our subsidiaries relative to the goodwill and asset investments that we had on the books.

The resulting valuation is derived from traditional valuation methodology. We have a valuation specialist who looked at a variety of things including future cash flows, recent transactions, and comparable companies in the industries where we operate. The specialist comes through and does a thorough valuation. And then based on that valuation, we'll compare the results of the valuation to the assets recorded.

In our case, by the time we had to do those final accounting entries, we actually had a fair idea of the realizable value of Hetsco, for example. We had started the sales process, so we ended up writing down the Hetsco goodwill and trade name as a result of that analysis.

That was really the only impairment that hit the Services segment at all. The rest of the impairments were allocated between Koontz-Wagner, TOG, and Braden and they were literally based on perceived net realizable value, net value of those assets, compared to the net assets recorded. That's how those amounts were determined, and that's how they were recorded.

Bill Nicklin: All right. Good. Thank you. One more quick question. I think we saw about a 40% drop in employment, and you explained that half of that was Services. Now, if we look at your backlog, which I think you said it was preliminarily down about $20 million at the end of 2016, how do you square a $20 million drop in backlog with a reduction in employment where that backlog is likely generated by about 40%? I think, what I'm asking is, who's going to do all that service? The backlog isn't down that much, but you have a lot less people. We're saying that there was a huge amount of redundancy prior to you folks taking these actions?

Craig Holmes: Well, the backlog in our products businesses has been decreasing really since 2013, and we do expect it to decrease another $20 million in 2016. I think what we did, relative to our products businesses specifically, is look across those businesses, and just right size our investments in our people. The consolidation of facilities results in reduced head count. The reduction in revenue and profitability caused us to really look hard at our head count investments making sure that our costs were in line with the profits and margins that we expect from our businesses, so really some hard cuts there.

In our Services organization, it's a great business model in that we have significant flexibility to ramp up and ramp down our required skilled and craft labor as needed to respond to different customer opportunities. We're able to do that because we utilize craft labor with specific skills, in specific locations, that are tied to individual union houses. We're able to utilize that labor when we need them. We have long-term, long-standing great relationships with these unions and these union houses, which enables us to rapidly ramp up and respond to opportunities. That part of our head count needs will be handled going forward.

Bill Nicklin: All right, very good. Thank you.

Craig Holmes: You bet.

Operator: Thank you. There are no further questions at this time. I'd like to turn the call back over to Mr. Cryan for closing remarks.

Terence Cryan: Thank you, Michelle, and thank you everyone for your time and attention this morning. We still have work to do to get our financial reporting caught up, and our operations repositioned and on their way to delivering profitable growth once again. As I mentioned earlier, we'll be updating you in late April as to the status of our 2016 financial reporting. Thanks for your time this morning. Good day.

Operator: Thank you. This concludes today's teleconference. You may disconnect your lines at this time. Thank you for your participation and have a wonderful day.