LARGE TURNAROUND OF THE YEAR

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Headquartered in Houston, Texas, **COMPRESSOR ENGINEERING CORPORATION** ("CECO" or the "Company") is a family-owned business since it was founded in 1964. CECO operates in two complementary divisions, Manufacturing Services ("Compressor") and Pipeline Services ("Pipeline"). The Manufacturing Services division specializes in the production and repair of compressor and engine parts to the gas transmission, midstream, petrochemical and air compression industries. The Pipeline Services division provides quality construction and maintenance services to the natural gas industry with services that include: pipeline integrity work, pipe fabrication and coating applications.

In 2012, Pipeline geographically expanded its operation to include the construction of new natural gas pipelines focused in the Ohio, West Virginia and Pennsylvania areas, which significantly increased the revenue and complexity of the business. In July 2014, the Company with the assistance of AEG Partners LLC ("AEG") found significant financial reporting issues related to Pipeline's new construction operations. Instead of tracking to slightly positive EBITDA, the Pipeline business was actually pushing the Company to a significant loss. The team responsible for this business had been misrepresenting project profitability and burying losses within the complexity of construction accounting. This not only misrepresented profitability but also upended the Company's borrowing base. The Company faced imminent bankruptcy which would likely result in liquidation. The family and the Board took immediate action, creating a turnaround team consisting of AEG (Phil Van Winkle, CRO; Jonathan Morrison, Interim-CFO), existing management/ownership (Richard Hotze, CEO; Mark Hotze, COO), and outside counsel Hoover Slovacek (Edward Rothberg, Melissa Haselden).

The troubled Pipeline construction operations were not in a separate legal entity, meaning any bankruptcy filing would place the entire Company at risk. Survival of the Compressor operations and "good" Pipeline business was critical to rebuilding the confidence of key stakeholders, maintaining debt service, and providing runway to execute a successful turnaround. The team focused on four critical areas to achieve the turnaround: (1) separated the Pipeline operations into a "good" business and "bad" business; (2) opened communications with all stakeholders; (3) gained control of liquidity; and (4) improved oversight and operating procedures within the Pipeline business.

As a result of these actions, the Company survived the liquidity crisis, avoided bankruptcy, improved profitability and refinanced all senior debt at par. The troubled Pipeline construction business was successfully shut down, utilizing the remaining assets to negotiate an out-of-court settlement with the vendors to that business. While notably smaller from a revenue standpoint, the Company's performance as measured by EBITDA substantially improved within 12 months. The bank has realized a full recovery and the Company will continue to be a family owned operation adding to its 50+ year history.

This case highlights the importance for a clearly defined turnaround plan that respects the rights of all stakeholders, preserves options in multiple outcome scenarios, and is openly communicated. Moreover, it illustrates how industry players "around the table" can work together to generate value for all as opposed to a one-sided win.