Willbros Group, Inc.\NEW\
Form 10-K
March 08, 2017
Table of Contents

Index to Financial Statements

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K
(Mark One)
ý ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2016
OR
¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to
Commission file number 1-34259
Willbros Group, Inc.
(Exact name of registrant as specified in its charter)

Delaware	30-0513080
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

4400 Post Oak Parkway
Suite 1000
Houston, TX 77027
Telephone No.: 713-403-8000
(Address, including zip code, and telephone number, including area code, of principal executive offices of registrant)
Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, $.05 Par Value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ¨ No ý
Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes ¨ No ý
Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 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 ý No ¨
Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of the Regulation S-T during the preceding 12 months (or such shorter period that the Registrant was required to submit and post such files). Yes ý No ¨
Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not 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-K or any amendment to this Form 10-K. ¨
Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting

company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer ¨ Accelerated filer ý

Non-accelerated filer ¨ Smaller Reporting Company ¨

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No ý

The aggregate market value of the Registrant’s Common Stock held by non-affiliates of the Registrant on the last business day of the Registrant’s most recently completed second fiscal quarter (based on the closing sales price on the New York Stock Exchange on June 30, 2016) was $129,467,799.

The number of shares of the Registrant’s Common Stock outstanding at February 28, 2017 was 62,652,938.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant’s Proxy Statement for the Annual Meeting of Stockholders to be held on June 1, 2017 are incorporated by reference into Part III of this Form 10-K.

Table of Contents

Index to Financial Statements

WILLBROS GROUP, INC.
FORM 10-K
YEAR ENDED DECEMBER 31, 2016

		Page
PART I		
Items 1. and 2.	Business and Properties	5
Item 1A.	Risk Factors	15
Item 1B.	Unresolved Staff Comments	23
Item 3.	Legal Proceedings	23
Item 4.	Mine Safety Disclosures	23
Item 4A.	Executive Officers of the Registrant	24
PART II		
Item 5.	Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	26
Item 6.	Selected Financial Data	27
Item 7.	Management’s Discussion and Analysis of Financial Condition and Results of Operations	29
Item 7A.	Quantitative and Qualitative Disclosures About Market Risk	47
Item 8.	Financial Statements and Supplementary Data	48
Item 9.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	96
Item 9A.	Controls and Procedures	96
Item 9B.	Other Information	97
PART III		
Item 10.	Directors, Executive Officers and Corporate Governance	98
Item 11.	Executive Compensation	98
Item 12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	98
Item 13.	Certain Relationships and Related Transactions, and Director Independence	98
Item 14.	Principal Accounting Fees and Services	98
PART IV		
Item 15.	Exhibits and Financial Statement Schedules	99
Item 16.	Form 10-K Summary	102
	Signatures	103

Table of Contents

Index to Financial Statements

FORWARD-LOOKING STATEMENTS

This Form 10-K includes “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements, other than statements of historical facts, included in this Form 10-K that address activities, events or developments which we expect or anticipate will or may occur in the future, including such things as future capital expenditures (including the amount and nature thereof), oil, gas, gas liquids and power prices, demand for our services, the amount and nature of future investments by governments, expansion and other development trends of the oil and gas and power industries, business strategy, expansion and growth of our business and operations, the outcome of legal proceedings and other such matters are forward-looking statements. These forward-looking statements are based on assumptions and analyses we made in light of our experience and our perception of historical trends, current conditions and expected future developments as well as other factors we believe are appropriate under the circumstances. However, whether actual results and developments will conform to our expectations and predictions is subject to a number of risks and uncertainties. As a result, actual results could differ materially from our expectations. Factors that could cause actual results to differ from those contemplated by our forward-looking statements include, but are not limited to, the following:

- curtailment of capital expenditures due to low prevailing commodity prices or other factors, and the unavailability of project funding in the oil and gas and power industries;
- the demand for energy moderating or diminishing;
- inability to comply with the financial and other covenants in or to obtain waivers under our credit facilities;
- failure to obtain the timely award of one or more projects;
- reduced creditworthiness of our customer base and higher risk of non-payment of receivables;
- project cost overruns, unforeseen schedule delays and the application of liquidated damages;
- inability to execute fixed-price and cost-reimbursable projects within the target cost, thus eroding contract margin and, potentially, contract income on any such project;
- inability to satisfy New York Stock Exchange continued listing requirements for our common stock;
- increased capacity and decreased demand for our services in the more competitive industry segments that we serve;
- inability to lower our cost structure to remain competitive in the market or to achieve anticipated operating margins;
- inability of the energy service sector to reduce costs when necessary to a level where our customers’ project economics support a reasonable level of development work;
- reduction of services to existing and prospective clients when they bring historically out-sourced services back in-house to preserve intellectual capital and minimize layoffs;
- the consequences we may encounter if, in the future, we identify any material weaknesses in our internal control over financial reporting, which may adversely affect the accuracy and timing of our financial reporting;
- the impact of any litigation, including class actions associated with our restatement of first and second quarter 2014 financial results on our financial position and results of operations, including our defense costs and the costs and other effects of settlements or judgments;
- adverse weather conditions not anticipated in bids and estimates;
- the occurrence during the course of our operations of accidents and injuries to our personnel, as well as to third parties, that negatively affect our safety record, which is a factor used by many clients to pre-qualify and otherwise award work to contractors in our industry;
- cancellation or delay of projects, in whole or in part, for any reason;
- failing to realize cost recoveries on claims or change orders from projects completed or in progress within a reasonable period after completion of the relevant project;
- political or social circumstances impeding the progress of our work and increasing the cost of performance;
-

inability to predict the timing of an increase in energy sector capital spending, which results in staffing below the level required to service such an increase;

3

Table of Contents

Index to Financial Statements

- inability to hire and retain sufficient skilled labor to execute our current work, our work in backlog and future work we have not yet been awarded;
- inability to obtain adequate financing on reasonable terms;
- inability to obtain sufficient surety bonds or letters of credit;
- loss of the services of key management personnel;
- the consequences we may encounter if we violate the Foreign Corrupt Practices Act (the "FCPA") or other anti-corruption laws in view of the 2008 final settlements with the Department of Justice and the Securities and Exchange Commission ("SEC") in which we admitted prior FCPA violations, including the imposition of civil or criminal fines, penalties, enhanced monitoring arrangements, or other sanctions that might be imposed;
- the dishonesty of employees and/or other representatives or their refusal to abide by applicable laws and our established policies and rules;
- inability to obtain and maintain legal registration status in one or more foreign countries in which we are seeking to do business;
- downturns in general economic, market or business conditions in our target markets;
- changes in and interpretation of U.S. and foreign tax laws that impact our worldwide provision for income taxes and effective income tax rate;
- changes in applicable laws or regulations, or changed interpretations thereof, including climate change regulation;
- changes in the scope of our expected insurance coverage;
- inability to manage insurable risk at an affordable cost;
- enforceable claims for which we are not fully insured;
- incurrence of insurable claims in excess of our insurance coverage;
- the occurrence of the risk factors listed elsewhere in this Form 10-K or described in our periodic filings with the SEC; and
- other factors, most of which are beyond our control.

Consequently, all of the forward-looking statements made in this Form 10-K are qualified by these cautionary statements and there can be no assurance that the actual results or developments we anticipate will be realized or, even if substantially realized, that they will have the consequences for, or effects on, our business or operations that we anticipate today. We assume no obligation to update publicly any such forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by law.

Unless the context requires or is otherwise noted, all references in this Form 10-K to "Willbros," the "Company," "we," "us" and "our" refer to Willbros Group, Inc., its consolidated subsidiaries and their predecessors.

Table of Contents

Index to Financial Statements

PART I

Items 1. and 2. Business and Properties

General

Willbros is a specialty energy infrastructure contractor serving the oil and gas and power industries with offerings that primarily include construction, maintenance and facilities development services. We believe our long experience and expertise in the planning and execution of projects differentiates us from our competitors, provides us with competitive advantages in the markets we serve and positions us for early involvement in projects. Our maintenance capabilities provide us the opportunity to participate in the full life cycle of projects, many of which have design lives of more than 25 years.

Willbros provides its services through operating subsidiaries. The Willbros corporate structure is designed to comply with jurisdictional and registration requirements and to minimize worldwide taxes. Subsidiaries may be formed in specific work locations where such subsidiaries are necessary or useful to comply with local laws or tax objectives.

Company Information

We maintain our headquarters at 4400 Post Oak Parkway, Suite 1000, Houston, TX 77027; our telephone number is 713-403-8000. Our public website is http://www.willbros.com. We make available free of charge through our website via a link to Edgar Online, our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. Our common stock is traded on the New York Stock Exchange under the symbol “WG.”

In addition, we currently make available on our website annual reports to stockholders. You will need to have the Adobe Acrobat Reader software on your computer to view these documents, which are in .PDF format.

The information contained on our website, or available by hyperlink from our website, is not incorporated into this Form 10-K or other documents we file with, or furnish to, the SEC. We may use our website as a means of disclosing material non-public information and for complying with our disclosure obligations under Regulation FD. Such disclosures will be included on our website in the “Investor Relations” sections. Accordingly, investors should monitor such portions of our website, in addition to following our press releases, SEC filings, public conference calls and webcasts.

In addition, we use social media to communicate with our investors and the public about our Company, our businesses and our results of operations. The information we post on social media could be deemed to be material information. Therefore, we encourage investors, the media and others interested in us to review the information we post on the following social media channels:

- The Company's Twitter account (twitter.com/willbros);
- The Company's LinkedIn account (linkedin.com/company/willbros); and
- The Company's Facebook account (facebook.com/WillbrosGroup).

Our Vision

We continue to believe that long-term fundamentals support demand for our services and substantiate our vision for Willbros to be a billion dollar energy infrastructure construction and maintenance company with a diversified revenue stream, stable and predictable operating results and future growth opportunities.

To accomplish this, we are actively working towards achieving the following objectives:

- Strengthening our focus on project execution;
- Managing our resources to mitigate the seasonality of our business model;
- Positioning Willbros as a service provider and employer of choice;
- Developing long-term client partnerships and alliances by focusing team-driven sales efforts on key clients and exceeding performance expectations at competitive prices; and
- Meeting or exceeding industry best practices, particularly for safety and performance.

We believe that successfully meeting these objectives will generate financial performance exceeding that of our peers and result in full and fair valuation of our common shares.

Our Values

We believe the values we adhere to as an organization shape our relationships and the performance of our company. We are committed to strong Leadership across the organization to achieve Excellence, Accountability and Compliance in everything we do, recognizing that Compliance is the foundation for successfully applying all of our values. Our core values are:

- Safety – always perform safely for the protection of our people, our customers and our stakeholders;
- Honesty & Integrity – always do the right thing;
- Our People – respect and care for their well-being and development; maintain an atmosphere of trust, empowerment and teamwork; ensure the best people are in the right position;
- Our Customers – understand their needs and develop responsive solutions; promote mutually beneficial relationships and deliver a good job on time;
- Superior Financial Performance – deliver earnings per share and cash flow and maintain a balance sheet which places us at the forefront of our peer group;
- Vision & Innovation – understand the drivers of our business environment; promote constant curiosity, imagination and creativity about our business and opportunities; seek continuous improvement; and
- Effective Communications – present a clear, consistent and accurate message to our people, our customers and the public.

We believe that adhering to and living by these values will result in a high-performance organization that can differentiate itself and compete effectively, providing incremental value to our customers, our employees and all our stakeholders.

Business Segments

Willbros has three reportable segments: Oil & Gas, Utility T&D and Canada. These segments are comprised of strategic businesses that are defined by the industries or geographic regions they serve. Each segment is managed as an operation with well-established strategic directions and performance requirements. Each segment is led by a separate segment President who reports directly to the Company's Chief Operating Decision Maker ("CODM").

The CODM evaluates segment performance using operating income which is defined as contract revenue less contract costs and segment overhead, such as amortization related to intangible assets and general and administrative expenses that are directly attributable to the segment. In 2016, we implemented a change to our organizational structure such that corporate overhead costs, such as executive management, public company, accounting, tax and professional services, human resources and treasury, are no longer allocated to each segment. Previously reported segment information has been revised to conform to this new presentation.

One of our customers in the Utility T&D segment, Oncor, was responsible for 25.0 percent, 17.9 percent and 10.3 percent of our consolidated revenue from continuing operations for 2016, 2015 and 2014, respectively. Another one of our customers in the Oil & Gas segment, Enterprise Products Partners L.P., was responsible for 9.4 percent, 12.5 percent and 9.1 percent of our consolidated revenue from continuing operations in 2016, 2015 and 2014, respectively. See Note 13 – Segment Information in Item 8 of this Form 10-K for more information on our reportable segments and our contract revenue by geographic region.

On November 30, 2015, we sold the balance of our Professional Services segment to TRC Companies ("TRC"). As a result, the results of operations, financial position, cash flows and disclosures of the Professional Services segment, including the previously sold subsidiaries in 2015 of Willbros Engineers, LLC and Willbros Heater Services, LLC (collectively "Downstream Professional Services"), Premier Utility Services, LLC ("Premier") and UtilX Corporation ("UtilX"), are presented as discontinued operations for all periods presented.

See Note 17 – Discontinued Operations in Item 8 of this Form 10-K for more information on our discontinued operations.

6

Table of Contents

Index to Financial Statements

Oil & Gas

We provide construction, maintenance and lifecycle extension services to the midstream markets. Our history of executing large and complex pipeline projects has positioned us to participate in pipeline infrastructure markets. To support the extensive oil and gas development activity in the United States, we construct pipelines that connect oil and gas resources to end-markets. We currently provide these services primarily in the United States; however, our experience includes prior work on international projects. We believe that these service offerings, combined with our industry experience in large oil and gas infrastructure projects, allow us to meet our customers' needs for safety, quality and schedule certainty at a competitive price.

Pipeline Construction

We apply our core skills in construction and maintenance of oil and gas infrastructure to provide multiple services needed to support the transportation and storage of hydrocarbons including gathering, lateral and main-line pipeline systems.

Expansion of unconventional production in the United States has shifted the demand for pipeline construction geographically. The need for take-away capacity for oil, natural gas and liquids from these new production areas is expected to provide project opportunities for construction of oil, liquids and natural gas pipelines.

Facilities Construction

Companies in the hydrocarbon value chain require certain facilities in the course of producing, processing, storing and transporting oil, gas, refined products and chemicals. We are experienced in and capable of constructing facilities such as pump stations, flow stations, gas compressor stations and metering stations. We are focused on building these facilities in the United States oil and gas market. The construction of station facilities, while not as capital-intensive as pipeline construction, is generally characterized by complex logistics and scheduling. Our recent experience includes major pumping, metering and balance of plant projects.

Pipeline Integrity Construction

We provide a full suite of integrity construction services including hydrostatic testing, anomaly repair programs, Department of Transportation required replacements, pipeline replacement programs and other pipeline modifications.

Tank Services

We provide services to the above-ground storage tank industry. Our capabilities include American Petroleum Institute ("API") compliant tank maintenance and repair; floating roof seals; floating roof installations and repairs; secondary containment bottoms, cone roof and structure replacements; and new API compliant above-ground storage tanks. We provide these services on a stand-alone basis or in combination with balance of plant pumping, metering and piping systems.

At December 31, 2016, the assets and liabilities associated with these tank services have been classified as held for sale. See Note 4 - Assets Held for Sale in Item 8 of this Form 10-K for more information.

Utility T&D

We provide a wide range of services in electric and natural gas transmission and distribution ("T&D"), including comprehensive engineering, procurement, maintenance and construction, repair and restoration of utility infrastructure. Our collective services include engineering design, installation, maintenance, procurement, and repair of electrical transmission, distribution, substation, wireless and gas distribution systems. Our collective experience ranges from small engineering and consulting projects to multi-million dollar turnkey distribution, substation and transmission line projects, including those required for renewable energy facilities. Clients in the Utility T&D segment include investor-owned utilities, cooperatives, municipalities, gas and oil developers and operators, telecommunication companies and industrials. We strive to develop long-term partnerships with clients as the best means to help manage their power systems effectively.

Electric Power T&D Services

We provide a broad spectrum of overhead and underground electric power transmission and distribution services, from the engineering, maintenance and construction of high-voltage transmission lines to the installation of local service lines and meters.

7

Table of Contents

Index to Financial Statements

Electric Engineering T&D Services
We provide professional engineering and design services for overhead and underground electric power transmission, distribution and substation infrastructure for investor-owned utilities, cooperatives, municipalities and generation developers. Services offered include design, design build, and engineering, procurement and construction.
Electric Power Transmission and Substation
We maintain and construct overhead and underground transmission lines up to 500-kV. Overhead transmission services include the installation, maintenance and repair of transmission structures involving wood, concrete, steel pole and steel lattice tower configurations. Underground transmission services include the installation and maintenance of underground transmission cable and its associated duct, conduit and manhole systems. Electric power transmission also includes substation services, which involve the maintenance, construction, expansion, modifications, upgrades and calibration and testing of electric power substations and components.
Electric Power Distribution
We maintain, construct and upgrade underground and overhead electric power distribution lines from 34.5-kV to household voltage levels. Our services encompass all facets of electric power distribution systems, including primary and secondary voltage cables, wood and steel poles, transformers, switchgear, capacitors, underground duct, manhole systems, as well as residential, commercial and electric meter installation.
Emergency Storm Response
Our nationwide emergency storm response capabilities span both electric power transmission and distribution systems. We provide storm response services for our existing customers ("on-system") as well as customers with which we have no ongoing Master Service Agreement ("MSA") relationships ("off-system"). Typically with little notice, our crews deploy nationally in response to hurricanes, ice storms, tornadoes, floods and other natural disasters which damage critical electric T&D infrastructure. Some notable examples of major emergency storm response deployments include the rebuilding of electric power distribution systems damaged by hurricanes and superstorms in Florida, Louisiana, Texas and New England.
Telecommunications
Our crews install and maintain overhead and underground telecommunications infrastructure, including conventional telephone cables, fiber optic installation cables, fiber to the premises (commonly referred to as FTTP), cellular towers, broadband-over-powerline and cable television lines.
Natural Gas T&D Services
We provide a full spectrum of natural gas T&D services related to the maintenance, construction and installation of residential natural gas service. Our services include turnkey underground distribution construction, using steel and plastic pipe, replacement and new business main line construction and service line installations, pipeline projects through any terrain, horizontal auger boring and specialty services including bridge crossings, vacuum excavation and water main line and service construction.
Renewable Energy Services
We provide engineering and design, material procurement and construction services for transmission lines, collection substations and distribution collector systems required for renewable energy facilities, including turnkey services for balance of plant construction.
Canada
In Western Canada, Willbros is an industry leader in construction, maintenance and fabrication, well-known for piping projects, including integrity and supporting civil work, general mechanical and facility construction, API storage tanks and general and modular fabrication, along with electrical and instrumentation projects serving the Canadian energy industry. We have had specialized facilities and offices throughout Alberta since 2001 in Fort McMurray, Edmonton and Calgary, Alberta. These offices are locally staffed with dedicated and experienced professionals, ideally suited to serve our clients in Western Canada. We are an oil and gas infrastructure construction and maintenance contractor, providing a diverse and complementary suite of services to meet our clients' expectations through safe, productive, high-quality execution both in the field and in our

8

Table of Contents

Index to Financial Statements

fabrication facilities. We continue to explore and evaluate the market for opportunities that augment our service offering and create more value-added experiences for our customers.

Construction and Maintenance Services

A cornerstone of our business is the construction and maintenance of Hydrotransport and Tailings Lines ("HTTL") in the oil sands mine sites of the Wood Buffalo region of Northern Alberta. Our expertise is not only in new construction of HTTL, but the ongoing rotation and maintenance of these lines as well. Our scope includes other pipeline projects both above and below ground ranging in diameter from 2 inches to greater than 48 inches in a variety of materials such as carbon steel, stainless steel, High Density Poly Ethylene, and other non-metal products and specialty alloys. We have over 55 acres of land in the Wood Buffalo region that we utilize for project staging and high volume pipe joining works. Our crews are well-equipped and capable of performing civil earthworks including corridor construction, trenching, backfill, grading, road construction, crossings and bores, berms, pipe culverts, excavation and hauling.

Projects and Specialty Services

Projects and specialty services include a range of new construction project work including both above and below-ground piping from small and mid-inch projects to large-diameter mainline spreads. Our expertise includes pipeline construction, piping tie-ins, gathering systems, looping systems, crossings, horizontal directional drilling support and steam lines typically serving pipeline operators, producer and steam-assisted-gravity-drainage facilities. An increased focus and strategy has been directed towards pipeline integrity work including dig-ups and repair. Regulators, industry and public concern continue to emphasize and require more robust integrity programs to ensure safety and reliable leak-free performance. We are well-positioned with talented crews, equipment and supervision to perform pipeline and integrity work safely, on time and on budget.

Industrial Construction Services - Electrical and Instrumentation

Our electrical and instrumentation services offer construction and maintenance services to industrial, oil and gas and petrochemical customers across Western Canada. We are capable of managing major projects from initial plant construction to commissioning and start-up. Currently, we offer our customers expertise in low and medium voltage construction situations as well as ongoing maintenance and support programs specifically tailored to the needs of our customers. In addition to these services, our team has the ability to seamlessly execute a wide variety of modular building and skid pre-wiring projects, fiber optics, grounding and fire and gas detection installations.

Industrial Construction Services - Tanks

Tank services supports the Canadian oil and gas industry with new construction, maintenance and repair of API above-ground steel storage tanks specific to 650, 653, 620 and American Water Works Association industry codes. Our capabilities service a wide variety of tank design considerations such as roof diversification (internal, external, dome, floating or self-supported), foundations, internals, stairways, doors, flush type clean out, nozzles and other appurtenances. Our expertise allows for turnkey solutions from design to fabrication through to field erection, testing and pre-commissioning support and crude oil terminal and refining facilities to meet increasing storage capacity demand within the industry.

Industrial Construction Services - Facilities

Our facilities operation is a versatile, general mechanical service line with civil and structural capabilities supporting the Canadian oil and gas industry. Our expertise lends itself to both greenfield and brownfield projects requiring setting, alignment, installation and pre-commissioning of oil field infrastructure such as pump stations, compressor stations, metering stations, process and pipe rack modules in conjunction with associated inter-connecting piping.

Industrial Construction Services - Water/Waste Water Treatment

Leveraging our capabilities in the oil and gas industry, recent industry diversification efforts have led our business into the water and wastewater treatment infrastructure construction market in Western Canada. Typical water/wastewater treatment projects include mechanical, structural, piping, electrical and instrumentation and civil work where we are able to utilize established disciplines of our craft workforce. The Canadian water supply and irrigation industry includes facilities that collect, treat and dispose of wastewater generated by homes, businesses and storm water runoff. The industry garners the vast majority of its funding allocation through municipalities. Those municipalities are funded through water rates, property taxes, development charges and government contributions.

Table of Contents

Index to Financial Statements

Fabrication

Located on 23 acres of land accessible to the high-load corridor in Edmonton, our state of the art fabrication facility is a multi-faceted and innovative fabrication operation specializing in three main categories: 1) Chromium Carbide Overlay, a process of applying overlay to extend the service life of piping products used in heavy-wear erosion, corrosion and abrasive applications utilized in oil sands extraction and tailings functions; 2) Pipe spool and other general Carbon Steel fabrication (e.g. expansion barrels, block valves, traps and other piping-related components including double jointing and handling); and 3) Fabrication of modules of various sizes and designs, typically pipe rack, equipment, process and pump house modules.

Our Strategy

We work diligently to apply our values every day. We use them to guide us in the development and execution of our strategy, which we believe will increase stockholder value by leveraging the full resources and core competencies of an integrated Willbros business platform.

Key elements of our strategy are as follows:

Stabilize the Revenue Stream with Recurring Services

We believe increasing the level of revenue generated by recurring services will make our business model more predictable and allow us to reduce our dependence on large capital projects which are more cyclical in nature.

Focus on Managing Risk

We have implemented a core set of business conduct practices and policies to improve our risk profile including diversifying our service offerings and end markets to reduce market-specific exposure and focusing on contract-execution risk starting with our opportunity review process and ending at job completion. We continue to evaluate and improve our risk management techniques.

Maintain Financial Flexibility

Maintaining the financial flexibility to meet the material, equipment and personnel needs to support our project commitments, as well as the ability to pursue our expansion and diversification objectives, is critical to our performance and growth.

Insurance and Bonding

Certain operational risks are analyzed and categorized by our risk management department and insured against through major international insurance brokers under a comprehensive insurance program. We maintain worldwide master commercial insurance policies written through highly-rated insurers in types and amounts typically carried by companies engaged in the project management and construction industry. These policies cover our property, plant, equipment and cargo against normally-insurable risks. Other policies cover our workers and liabilities arising out of our operations. Primary and excess liability insurance limits are consistent with industry standards for the level of our operations and asset base. Risks of loss or damage to project works and materials are often insured on our behalf by our clients. On other projects, “builders all risk insurance” is purchased when deemed necessary. All insurance is purchased and maintained at the corporate level except for certain basic insurance that must be purchased locally to comply with insurance laws.

The insurance protection we maintain may not be sufficient or effective in all circumstances or against all hazards. An enforceable claim for which we are not fully insured could have a material adverse effect on our results of operations. In the future, our ability to maintain insurance, which may not be available or at rates we consider reasonable, may be affected by events over which we have no control.

We have been limited in our pursuit of certain larger projects due, in part, to our current balance sheet and bonding capacity. In addition to our other efforts to improve our financial position, we are exploring opportunities to partner with other contractors, which will enable us to work on these larger-scale projects.

Backlog

For information regarding our backlog, see Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations – Other Financial Measures – Backlog.

10

Competition

We operate in a highly competitive environment. We compete against companies that have financial and other resources substantially in excess of those available to us. In certain markets, we compete with national and regional firms against which we may not be competitive in price. We have different competitors in different markets, including those listed below.

- Oil & Gas Segment – Quanta Services, MasTec, Primoris, Associated Pipeline Contractors, U.S. Pipeline, Welded Construction, Henkels & McCoy, Michels Corporation, Flint Energy Services, Smith Tank & Steel, Strike, Chicago Bridge & Iron and Matrix Service. In addition, there are a number of regional competitors such as Sunland, Dyess and Jomax.
- Utility T&D Segment – Quanta Services, MYR Group, MasTec and larger privately-held companies such as Pike Electric, Henkels & McCoy, Michels Corporation and Miller Pipeline.
- Canada Segment – Ledcor, MasTec, Quanta Services, Chicago Bridge & Iron, Matrix Service, Strike, AECOM, JV Driver and Site Energy Services.

Contract Provisions and Subcontracting

Most of our revenue is derived from contracts that fall into the following basic categories:

- firm fixed-price or lump sum fixed-price contracts, providing for a single price for the total amount of work;
- cost plus fixed fee contracts where income is earned solely from the fee received;
- unit-price contracts, which specify a price for each unit of work performed;
- time and materials contracts where personnel and equipment are provided under an agreed-upon schedule of daily rates with other direct costs being reimbursable;
- a combination of the above (including lump sum payment for certain items and unit rates for others); and
- MSAs under which we receive work orders for specific projects and which involve one or more of the foregoing categories.

Changes in scope-of-work are subject to change orders to be agreed upon by both parties. Change orders not agreed to in either scope or price result in claims to be resolved in a dispute resolution process. These change orders and claims can affect our contract revenue and liquidity either positively or negatively.

We usually obtain contracts through either competitive bidding or negotiations with long-standing clients. We are typically invited to bid on projects undertaken by our clients who maintain approved bidder lists. Bidders are pre-qualified on the basis of their prior performance for such clients, as well as their experience, reputation for quality, safety record, financial strength and bonding capacity.

In evaluating bid opportunities, we consider such factors as the clients and their geographic location, the difficulty of the work, current and projected workload, the likelihood of additional work, the project's cost and profitability estimates and our competitive advantage relative to other likely bidders. The bid estimate forms the basis of a project budget against which performance is tracked through a project control system, enabling management to monitor projects effectively.

Virtually all of our contracts provide for termination of the contract for the convenience of the client. In addition, some contracts are subject to certain completion schedule requirements that require us to pay liquidated damages in the event schedules are not met as the result of circumstances within our control.

We act as the prime contractor on a majority of the construction projects we undertake. In our capacity as the prime contractor (or when acting as a subcontractor), we perform most of the work on our projects with our own resources and typically subcontract specialized activities as hazardous waste removal, horizontal directional drills, non-destructive inspection, catering and security. In the construction industry, the prime contractor is normally responsible for the performance of the entire contract, including subcontract work. Thus, when acting as the prime contractor, we are subject to the risk associated with the failure of one or more subcontractors to perform as anticipated.

Under a fixed-price contract, we agree on the price that we will receive for the entire project, based upon specific assumptions and project criteria. If our estimates of our own costs to complete the project are below the actual costs that we may incur, our margins will decrease, possibly resulting in a loss. The revenue, cost and gross profit realized on a fixed-price contract will often vary from the estimated amounts because of unforeseen conditions or changes in job conditions and variations in labor and equipment productivity over the term of the contract. If we are unsuccessful in mitigating these risks, we

Table of Contents

Index to Financial Statements

may realize gross profits that are different from those originally estimated and may incur losses on projects. Depending on the size of a project, these variations from estimated contract performance could have a significant effect on our operating results for any quarter or year. In some cases, we are able to recover additional costs and profits from the client through the change order process. In general, turnkey contracts to be performed on a fixed-price basis involve an increased risk of significant variations. This increased risk is a result of the nature of these contracts and the inherent difficulties in estimating costs and of the interrelationship of the integrated services to be provided under these contracts whereby unanticipated costs or delays in performing part of the contract can have compounding effects by increasing costs of performing other parts of the contract. Our accounting policy related to contract variations and claims requires recognition of all costs as incurred. Revenue from change orders, extra work and variations in the scope of work is recognized when an agreement is reached with the client as to the scope of work and when it is probable that the cost of such work will be recovered in a change in contract price. Profit on change orders, extra work and variations in the scope of work are recognized when realization is reasonably assured. Also included in contract costs and recognized income not yet billed on uncompleted contracts are amounts we seek or will seek to collect from customers or others for errors or changes in contract specifications or design, contract change orders in dispute or unapproved as to both scope and price, or other customer-related causes of unanticipated additional contract costs (unapproved change orders). These amounts are recorded at their estimated net realizable value when realization is probable and can be reasonably estimated. Unapproved change orders and claims also involve the use of estimates, and it is reasonably possible that revisions to the estimated recoverable amounts of recorded unapproved change orders may be made in the near term. If we do not successfully resolve these matters, a net expense (recorded as a reduction in revenues), may be required, in addition to amounts that have been previously provided.

Contractual Arrangements

We provide services under MSAs and on a project-by-project basis. MSAs are typically one to three years in duration but can be longer. Under our MSAs, our customers generally agree to use us to provide certain services in a specified geographic region on stipulated terms and conditions, including pricing and escalation. However, most of our contracts, including MSAs and our alliance agreement with Oncor, may be terminated by our customers on short notice. Further, although our customers assign work to us under our MSAs, our customers often have no obligation to assign work to us and are not required to use us exclusively, in some cases subject to our right of first refusal. In addition, many of our contracts, including our MSAs, are opened to public bid and generally attract multiple bidders. Work performed under MSAs is typically billed on a unit-price or time-and-materials basis. In addition, any work encountered in the course of a unit-price project that does not have a defined unit is generally completed on a time-and-materials basis.

Although the terms of our contracts vary considerably, pricing is typically based on a unit-price or fixed-price structure. Under our unit-price contracts, we agree to perform identified units of work for an agreed price. A “unit” can be as small as the installation of a single bolt or a foot of cable or as large as a transmission tower or foundation. The resulting profitability of a particular unit is primarily dependent upon the labor and equipment hours expended to complete the task that comprises the unit. Under fixed-price contracts, we agree to perform the contract for a fixed fee based on our estimate of the aggregate costs of completing the particular project. We are sometimes unable to fully recover cost overruns on our fixed-price contracts. Industry trends could increase the proportion of our contracts being performed on a unit-price or fixed-price basis, increasing our profitability risk.

Our storm restoration work, which involves high labor and equipment utilization, is typically performed on a time-and-materials basis and is generally more profitable when performed off-system rather than for customers with which we have MSAs. Our ability to allocate resources to storm restoration work depends on our capacity at that time and permission from existing customers to release some portion of our workforce from their projects.

We attempt to manage contract risk by implementing a standard contracting philosophy to minimize liabilities assumed in the agreements with our clients. However, there may be contracts or MSAs in place that do not meet our current contracting standards. While we have made efforts to improve our contractual terms with our clients, this process takes time to implement. We have attempted to mitigate the risk by requesting amendments to our contracts and by maintaining primary and excess insurance, with certain specified limits to mitigate our exposure, in the event of a loss.

Oncor Alliance Agreement

On June 12, 2008, InfrastruX Group, LLC (“InfrastruX”), a company we acquired in July 2010, entered into a non-exclusive agreement with Oncor. Due to the extensive scope and long duration of the agreement, we refer to it as an alliance agreement. We summarize below the principal terms of the agreement. This summary is not a complete description of all the terms of the agreement.

Table of Contents

Index to Financial Statements

Term, Renewals and Extensions. The agreement became effective on August 1, 2008 and will continue until expiration on December 31, 2018, unless extended, renewed or terminated in accordance with its terms. We are currently in discussions with Oncor and anticipate extending or renewing the agreement beyond December 31, 2018. However, we can provide no assurance that the agreement will be extended or renewed.

Provision of Services, Spending Levels and Pricing. Under the agreement, it is anticipated that we will provide Oncor transmission construction and maintenance services ("TCM"), and distribution construction and maintenance services ("DCM"), pursuant to fixed-price, unit-price and time-and-materials structures. The fees we charge Oncor under unit-price and time-and-materials structures are set forth in the agreement, most of which are adjusted annually according to indices provided in the agreement. The agreement also includes a provision whereby Oncor receives pricing at least as favorable as we charge other customers for any "similar services" (which is not a defined term in the agreement). Management believes, based on our pricing practices and the nature and scope of the services we provide to Oncor, that we are in compliance with this provision.

We frequently hold meetings with Oncor to discuss its forecasted monthly and annual TCM and DCM spending levels. The agreement provides for agreed incentives and adjustments for us and for Oncor according to Oncor's projected spending levels. Calculations based on projected spending levels are subject to subsequent adjustments based on actual spending levels. The agreement also requires that we provide dedicated resources to Oncor and that we meet or exceed minimum service levels as measured by specified performance indicators.

Termination. Oncor could in some cases seek to terminate for cause or limit our activity or seek to assess penalties against us under the agreement. Oncor may terminate the agreement upon 90-days' notice or any work request thereunder without prior notice in each case at its sole discretion and may terminate the agreement upon 30-days' notice in the event there is an announcement of the intent to undertake or an actual occurrence of a change in control of Oncor or Willbros Utility T&D Holdings, LLC. Oncor may also terminate the agreement for cause if, among other things, we breach and fail to adequately cure a representation or warranty under the agreement, we materially or repeatedly default in the performance of our material obligations under the agreement or we become insolvent.

In the event Oncor terminates the agreement for convenience or due to an anticipated or actual change of control of Oncor, Oncor must pay us a termination fee. In addition, we would have to adjust a significant portion of our existing customer relationship intangible asset attributed to Oncor which was recorded in connection with the InfrastruX acquisition.

Employees

At December 31, 2016, we directly employed a multi-national work force of 3,165 persons, of which approximately 98.3 percent were citizens of the respective countries in which they work. Although the level of activity varies from year to year, we have maintained an average work force of approximately 7,231 over the past five years. The minimum employment during that period was 3,165 and the maximum was 12,054. At December 31, 2016, approximately 15.3 percent of our employees were covered by collective bargaining agreements. We believe relations with our employees are satisfactory. The following table sets forth the location of employees by segment as of December 31, 2016:

	Number of Employees	Percent
Oil & Gas	420	13.3 %
Utility T&D	2,007	63.4 %
Canada	664	21.0 %
Corporate	74	2.3 %
Total	3,165	100.0 %

Equipment

We own, lease and maintain a fleet of generally standardized construction, transportation and support equipment. In 2016, 2015 and 2014, expenditures for capital equipment were $3.8 million, $2.2 million and $11.5 million, respectively. At December 31, 2016, the net book value of our property, plant and equipment was approximately

$38.1 million. We have disposed of a significant amount of our equipment due to challenging market conditions over the majority of the past two years.

All equipment is subject to scheduled maintenance to maximize fleet readiness. We continue to evaluate expected equipment utilization, given anticipated market conditions, and may buy or lease new equipment and dispose of underutilized equipment from time to time.

Table of Contents

Index to Financial Statements

Facilities

The principal facilities that we utilize to operate our business are:

Principal Facilities

Business	Location	Description	Ownership
Oil & Gas	Houston, TX	Office space	Lease
	Splendora, TX	Office space and equipment yard	Own
	Channelview, TX	Office space and general warehouse	Lease
	Tulsa, OK	Manufacturing, office space and general warehouse	Lease
	Geismer, LA	Office space and general warehouse	Lease
	Pittsburgh, PA	Office space and general warehouse	Lease
Utility T&D	McKinney, TX	Office and general warehouse	Lease
	Ft. Worth, TX	Office space	Lease
	White Marsh, MD	Office space and general warehouse	Lease
	Richmond, VA	Office space and general warehouse	Lease
Canada	Ft. McMurray, Alberta	Office space, repair shop and lay down area	Lease
	Ft. McMurray, Alberta	Office space	Lease
	Edmonton, Alberta	Office space and fabrication facility	Lease
	Acheson, Alberta	Office space and equipment yard	Lease
	Edmonton, Alberta	Office space	Lease
	Calgary, Alberta	Office space	Lease
Corporate Headquarters	Houston, TX	Office space	Lease

We lease other facilities used in our operations, primarily sales/shop offices, equipment sites and expatriate housing units in the United States and Canada. Rent expense for all leased facilities was approximately $6.6 million in 2016, $8.1 million in 2015 and $8.7 million in 2014.

Global Warming and Climate Change

Recent scientific studies have suggested that emissions of certain gases, commonly referred to as “greenhouse gases,” may be contributing to warming of the earth’s atmosphere. As a result, there have been a variety of regulatory developments, proposals or requirements and legislative initiatives that have been introduced in the United States (as well as other parts of the world) that are focused on restricting the emission of carbon dioxide, methane and other greenhouse gases.

We do not know and cannot predict whether any proposed legislation or regulations will be adopted or how legislation or new regulations that may be adopted to address greenhouse gas emissions would impact our business segments. Depending on the final provisions of such rules or legislation, it is possible that such future laws and regulations could result in increasing our compliance costs or capital spending requirements or creating additional operating restrictions on us or our customers. It is also possible that such future developments could curtail the demand for fossil fuels and increase the demand for renewable energy sources, which could adversely affect the demand for some of our services and improve the demand for some of our other services. Likewise, we cannot predict with any certainty whether any changes to temperature, storm intensity or precipitation patterns as a result of climate change (or otherwise) will have a material impact on our operations.

Compliance with applicable environmental requirements has not, to date, had a material effect on the cost of our operations, earnings or competitive position. However, as noted above, compliance with amended, new or more stringent requirements of existing environmental regulations or requirements may cause us to incur additional costs or subject us to liabilities that may have a material adverse effect on our results of operations and financial condition.

Table of Contents

Index to Financial Statements

Item 1A. Risk Factors
The nature of our business and operations subjects us to a number of uncertainties and risks.
RISKS RELATED TO OUR BUSINESS
Our business is highly dependent upon the level of capital expenditures by oil and gas and electric power companies on infrastructure.
Our revenue and cash flow are primarily dependent upon major construction projects. The availability of these types of projects is dependent upon the economic condition of the oil and gas and electric power industries, and specifically, the level of capital expenditures of oil and gas and electric power companies on infrastructure. Our failure to obtain major projects, the delay in awards of major projects, the cancellation of major projects or delays in completion of contracts are factors that could result in the under-utilization of our resources, which would have an adverse impact on our revenue and cash flow. Numerous factors beyond our control influence the level of capital expenditures of these companies, including:

- current and projected oil and gas and electric power prices;
- the demand for gasoline and electricity;
- the abilities of oil and gas and electric power companies to generate, access and deploy capital;
- exploration, production and transportation costs;
- the discovery rate and location of new oil and gas reserves;
- the sale and expiration dates of oil and gas leases and concessions;
- regulatory restraints on the rates that electric power companies may charge their customers;
- local and international political and economic conditions; and
- technological advances.

We face a risk of non-compliance with certain covenants in our credit facilities.
We are subject to a number of financial and other covenants under our credit facilities, including a Maximum Total Leverage Ratio and a Minimum Interest Coverage Ratio. On March 31, 2015, March 1, 2016, July 26, 2016 and March 3, 2017 we amended our 2014 Term Credit Agreement pursuant to a first amendment, third amendment, fourth amendment and fifth amendment (the “Fifth Amendment”). These amendments, among other things, suspend the calculation of the Maximum Total Leverage Ratio and Minimum Interest Coverage Ratio for the period from December 31, 2014 through June 30, 2017 (the “Covenant Suspension Periods”) so that any failure by us to comply with the Maximum Total Leverage Ratio or Minimum Interest Coverage Ratio covenants during the Covenant Suspension Periods will not be deemed to result in a default or event of default. Prior to obtaining the Fifth Amendment, we did not expect to be in compliance with the Maximum Total Leverage Ratio and Minimum Interest Coverage Ratio for the period from March 31, 2017 through December 31, 2017.
We can provide no assurance that we will remain in compliance with our financial covenants in the periods following the completion of the Covenant Suspension Periods or that we would be successful in obtaining additional waivers or amendments to these covenants should they become necessary. Under the Fifth Amendment, the Maximum Total Leverage Ratio will be 5.50 to 1.00 as of September 30, 2017 and will decrease to 4.50 to 1.00 as of December 31, 2017 and 3.00 to 1.00 as of June 30, 2018 and thereafter. The Minimum Interest Coverage Ratio will be 1.60 to 1.00 as of September 30, 2017 and will increase to 2.00 to 1.00 as of December 31, 2017 and 2.75 to 1.00 as of June 30, 2018 and thereafter. If our results of operations do not improve in 2017, we will be unable to meet the required financial covenants.
In order to ensure future compliance with our financial covenants, we may elect to prepay our credit agreement indebtedness by accessing capital markets or with cash on hand. However, we can provide no assurance that we will be successful in accessing capital markets on terms we consider favorable or reducing costs in amounts sufficient to comply with our financial covenants. Moreover, future prepayments or refinancing of the balance of the 2014 Term Credit Agreement will, in most cases, require us to pay a prepayment premium equal to the “make-whole” amount. The make-whole amount is calculated as the present value of all interest payments that would have been made on the

amount prepaid from the date of the prepayment to December 15, 2019 (or June 15, 2019 if the prepayment is made on or after June 15, 2018) at a rate per annum equal to the sum of 9.75 percent plus the greater of 1.25 percent and the Eurodollar rate in effect on the date of the repayment.

Table of Contents

Index to Financial Statements

Even if we successfully comply with our financial covenants, we may suffer adverse consequences if our unused availability under our 2013 ABL Credit Facility drops below certain levels. If our unused availability under the 2013 ABL Credit Facility is less than the greater of (i) 15 percent of the revolving commitments or $15.0 million for five consecutive days, or (ii) 12.5 percent of the revolving commitments or $12.5 million at any time, we are subject to increased reporting requirements, the administrative agent will have exclusive control over any deposit account, we will not have any right of access to, or withdrawal from, any deposit account, or any right to direct the disposition of funds in any deposit account, and amounts in any deposit account will be applied to reduce the outstanding amounts under the 2013 ABL Credit Facility. In addition, if our unused availability under the 2013 ABL Credit Facility is less than the amounts described in the preceding sentence, we would be required to comply with a Minimum Fixed Charge Coverage Ratio financial covenant.

Our unused availability under the 2013 ABL Credit Facility was $40.3 million at December 31, 2016. We do not expect our availability under the 2013 ABL Credit Facility to drop to levels which would require us to comply with the Minimum Fixed Charge Coverage Ratio covenant over the next 12 months. However, if the Minimum Fixed Charge Coverage Ratio were to become applicable, we would not expect to be in compliance with this covenant.

A default under the 2013 ABL Credit Facility would permit the lenders to terminate their commitment to make cash advances or issue letters of credit, require us to immediately repay any outstanding cash advances with interest and require us to cash collateralize outstanding letter of credit obligations. A default under the 2014 Term Credit Agreement would permit the lenders to require immediate repayment of all principal, interest, fees and other amounts payable thereunder. If the maturity of our credit agreement indebtedness were accelerated, we may not have sufficient funds to pay such indebtedness. In such an event, our lenders would be entitled to proceed against the collateral securing the indebtedness, which includes substantially all of our assets, to the extent permitted by the credit agreements and applicable law.

Our industry is highly competitive, which could impede our growth.

We operate in a highly competitive environment. A substantial number of the major projects that we pursue are awarded based on bid proposals. We compete for these projects against companies that have substantially greater financial and other resources than we do. In some markets, there is competition from national and regional firms against which we may not be able to compete on price. Our growth may be impacted to the extent that we are unable to successfully bid against these companies. Our competitors may have lower overhead cost structures, greater resources or other advantages and, therefore, may be able to provide their services at lower rates than ours or elect to place bids on projects that drive down margins to lower levels than we would accept.

We have had material weaknesses in our internal control over financial reporting in prior fiscal years. Failure to maintain effective internal control over financial reporting could adversely affect our ability to report our financial condition and results of operations accurately and on a timely basis. As a result, our business, operating results and liquidity could be harmed.

We previously identified material weaknesses in our internal control over financial reporting that led to the restatement of our consolidated financial statements, most recently for the first three quarters of 2011 and the first two quarters of 2014. We also identified material weaknesses in internal control over financial reporting as of December 31, 2014, 2011, and 2010 and for the years 2004 through 2007. We believe that all of these material weaknesses have been successfully remediated.

Our failure to maintain effective internal control over financial reporting could adversely affect our ability to report our financial results on a timely and accurate basis, which could result in a loss of investor confidence in our financial reports or have a material adverse effect on our ability to operate our business or access sources of liquidity. Furthermore, because of the inherent limitations of any system of internal control over financial reporting, including the possibility of human error, the circumvention or overriding of controls and fraud, even effective internal controls may not prevent or detect all misstatements.

A pending securities class action against us has resulted in significant costs and expenses, has diverted resources and could have a material adverse effect on our business, financial condition, results of operations or cash flows.

As further described in Note 14 of our Notes to Consolidated Financial Statements in this Annual Report on Form 10-K, after we announced that we would be restating our Condensed Consolidated Financial Statements for the quarterly period ended June 30, 2014, a securities class action complaint was filed against us in the United States District Court for the Southern District of Texas on behalf of our shareholders and alleging damages on their behalf arising from the matters that led to the restatements. In addition to us, two of our former Chief Executive Officers and our current Chief Financial Officer are named as defendants. We have incurred and/or expect to incur significant professional fees and other costs in defending against the

Table of Contents

Index to Financial Statements

allegations made by the plaintiffs in the class action suit. If we do not prevail in the pending litigation, we may be required to pay a significant amount of monetary damages that may be in excess of our insurance coverage. In addition, our Board of Directors, management and employees may expend a substantial amount of time on the pending litigation, diverting resources and attention that would otherwise be directed toward our operations and implementation of our business strategy, all of which could materially adversely affect our business, financial condition, results of operations or cash flows.

Our use of fixed-price contracts could adversely affect our operating results.

A significant portion of our revenues is currently generated by fixed-price contracts. Under a fixed-price contract, we agree on the price that we will receive for the entire project, based upon a defined scope, which includes specific assumptions and project criteria. If our estimates of our own costs to complete the project are below the actual costs that we may incur, our margins will decrease, and we may incur a loss. The revenue, cost and gross profit realized on a fixed-price contract will often vary from the estimated amounts because of unforeseen conditions or changes in job conditions and variations in labor and equipment productivity over the term of the contract. If we are unsuccessful in mitigating these risks, we may realize gross profits that are different from those originally estimated and incur reduced profitability or losses on projects. Depending on the size of a project, these variations from estimated contract performance could have a significant effect on our operating results for any quarter or year. In general, turnkey contracts to be performed on a fixed-price basis involve an increased risk of significant variations. This risk is a result of the long-term nature of these contracts and the inherent difficulties in estimating costs and of the interrelationship of the integrated services to be provided under these contracts, whereby unanticipated costs or delays in performing part of the contract can have compounding effects by increasing costs of performing other parts of the contract.

In addition, our Utility T&D segment also generates substantial revenue under unit-price contracts under which we have agreed to perform identified units of work for an agreed price, which have similar associated risks as those identified above for fixed-price contracts. A “unit” can be as small as the installation of a single bolt or a foot of cable or as large as a transmission tower or foundation. The resulting profitability of a particular unit is primarily dependent upon the labor and equipment hours expended to complete the task that comprises the unit. Failure to accurately estimate the costs of completing a particular project could result in reduced profits or losses.

Percentage-of-completion method of accounting for contract revenue may result in adjustments that would materially affect our operating results.

We recognize contract revenue using the percentage-of-completion method on long-term fixed-price contracts. Under this method, estimated contract revenue is accrued based generally on the percentage that costs to date bear to total estimated costs, taking into consideration physical completion. Estimated contract losses are recognized in full when determined. Accordingly, contract revenue and total cost estimates are reviewed and revised periodically as the work progresses and as change orders are approved, and adjustments based upon the percentage-of-completion are reflected in contract revenue in the period when these estimates are revised. These estimates are based on management’s reasonable assumptions and our historical experience and are only estimates. Variation of actual results from these assumptions or our historical experience could be material. To the extent that these adjustments result in an increase, a reduction or an elimination of previously reported contract revenue, we would recognize a credit or a charge against current earnings, which could be material.

Our backlog is subject to unexpected adjustments and cancellations and is, therefore, an uncertain indicator of our future earnings.

We cannot guarantee that the revenue projected in our backlog will be realized or profitable. Projects may remain in our backlog for an extended period of time. In addition, project cancellations, terminations or scope adjustments may occur from time to time with respect to contracts reflected in our backlog and could reduce the dollar amount of our backlog and the revenue and profits that we actually earn. Many of our contracts have termination for convenience provisions in them, in some cases without any provision for penalties or lost profits. Therefore, project terminations, suspensions or scope adjustments may occur from time to time with respect to contracts in our backlog. Finally, poor project or contract performance could also impact our backlog and profits.

Managing backlog in our Utility T&D segment also has other challenges. Backlog for anticipated projects in this segment is determined based on recurring historical trends, seasonal demand and projected customer needs, but the agreements in this segment rarely have minimum volume or spending obligations, and many of the contracts may be terminated by the customers on short notice. For projects in this segment on which we have commenced work that are canceled, we may be reimbursed for certain costs, but typically we have no contractual right to the total revenues included in our backlog.

Table of Contents

Index to Financial Statements

Legislative or regulatory actions relating to electricity transmission and renewable energy may impact the demand for our services.

Current and potential legislative or regulatory actions may impact demand for our services. Certain legislation or regulations require utilities to meet reliability standards and encourage installation of new electric transmission and renewable energy generation facilities. However, it is unclear whether these initiatives will create sufficient incentives for projects or result in increased demand for our services.

While many states have mandates in place that require specified percentages of electricity to be generated from renewable sources, states could reduce those mandates or make them optional, which could reduce, delay or eliminate renewable energy development in the affected states. Additionally, renewable energy is generally more expensive to produce and may require additional power generation sources as a backup. The locations of renewable energy projects are often remote and may not be viable unless new or expanded transmission infrastructure to transport the electricity to demand centers is economically feasible. Furthermore, funding for renewable energy initiatives may not be available. These factors could result in fewer renewable energy projects and a delay in the construction of these projects and the related infrastructure, which could negatively impact our business.

Seasonal variations and inclement weather may cause fluctuations in our operating results, profitability, cash flow and working capital needs related to our operating segments.

A significant portion of our business in each of our operating segments is performed outdoors. Consequently, our results of operations are exposed to seasonal variations and inclement weather. Our operating segments perform less work in the winter months, and work is hindered during other inclement weather events. In particular, our Utility T&D segment revenue and profitability often decrease during the winter months and during severe weather conditions because work performed during these periods is more costly to complete. During periods of peak electric power demand in the summer, utilities generally are unable to remove their electric power T&D equipment from service, decreasing the demand for our maintenance services during such periods. The seasonality of this segment’s business also causes our working capital needs to fluctuate. Because this segment’s operating cash flow is usually lower during and immediately following the winter months, we typically experience a need to finance a portion of this segment’s working capital during the spring and summer. Conversely, our Canada segment typically posts its strongest results during the winter and summer months and weaker results during what is known as the “Spring breakup,” when road bans and load limits are put in place and workers are often furloughed and equipment idled. Severe winter weather can also create demand for restoration of storm damage to overhead utility lines, which can offer opportunities for high margin emergency restoration work for our Utility T&D segment.

Our failure to recover adequately on claims against project owners for payment could have a material adverse effect on us.

We occasionally bring claims against project owners for additional costs exceeding the contract price or for amounts not included in the original contract price. These types of claims occur due to matters such as owner-caused delays or changes from the initial project scope, which result in additional costs, both direct and indirect. These claims can be the subject of lengthy arbitration or litigation proceedings, and it is often difficult to accurately predict when these claims will be fully resolved. When these types of events occur and unresolved claims are pending, we may invest significant working capital in projects to cover cost overruns pending the resolution of the relevant claims. A failure to promptly recover on these types of claims could have a material adverse impact on our liquidity and financial condition.

Our business is dependent on a limited number of key clients.

We operate primarily in the oil and gas and power industries, providing services to a limited number of clients. Much of our success depends on developing and maintaining relationships with our major clients and obtaining a share of contracts from these clients. The loss of any of our major clients could have a material adverse effect on our operations. One client was responsible for approximately 25.0 percent of total contract revenue from continuing operations in 2016. This client was also responsible for 42.6 percent of our 12-month backlog and 45.8 percent of our total backlog at December 31, 2016.

Terrorist attacks and war or risk of war may adversely affect our results of operations, our ability to raise capital or secure insurance or our future growth.

The continued threat of terrorism and the impact of military and other action will likely lead to continued volatility in prices for crude oil and natural gas and could affect the markets for our operations. In addition, future acts of terrorism could be

18

directed against companies operating both outside and inside the United States. Further, the U.S. government has issued public warnings that indicate that pipelines and other energy assets might be specific targets of terrorist organizations. These developments may subject our operations to increased risks and, depending on their ultimate magnitude, could have a material adverse effect on our business.

Our operations are subject to a number of operational risks.

Our business operations include pipeline construction, fabrication, pipeline rehabilitation services and a wide range of services in electric power and natural gas transmission and distribution. We may encounter difficulties that impact our ability to complete a project in accordance with the original delivery schedule. These difficulties may be the result of delays in designs, engineering information or materials provided by the customer or a third party, delays or difficulties in equipment and material delivery, schedule changes, delays from our customer's failure to timely obtain permits or rights-of-way or meet other regulatory requirements, weather-related delays, delays caused by difficult worksite environments and other factors, some of which are beyond our control. We also may encounter project delays due to local opposition, which may include injunctive actions as well as public protests, to the siting of electric transmission lines, pipelines or other facilities, especially those which are located in environmentally or culturally sensitive areas and more heavily populated areas. We may not be able to recover the costs we incur that are caused by delays. In certain circumstances, we guarantee project completion by a scheduled acceptance date or achievement of certain acceptance and performance testing levels. Failure to meet any of our schedules or performance requirements could also result in additional costs or penalties, including liquidated damages, and such amounts could exceed expected project profit. In extreme cases, the above-mentioned factors could cause project cancellations, and we may not be able to replace such projects with similar projects or at all. Such delays or cancellations may impact our reputation or relationships with customers, adversely affecting our ability to secure new contracts.

Our operations also involve a number of operational hazards. Natural disasters, adverse weather conditions, collisions and operator error could cause personal injury or loss of life, severe damage to and destruction of property, equipment and the environment and suspension of operations. In locations where we perform work with equipment that is owned by others, our continued use of the equipment can be subject to unexpected or arbitrary interruption or termination. The occurrence of any of these events could result in work stoppage, loss of revenue, casualty loss, increased costs and significant liability to third parties.

The insurance protection we maintain may not be sufficient or effective under all circumstances or against all hazards to which we may be subject. An enforceable claim for which we are not fully insured could have a material adverse effect on our financial condition and results of operations. Moreover, we may not be able to maintain adequate insurance in the future at rates that we consider reasonable.

Unsatisfactory safety performance may subject us to penalties, can affect customer relationships, result in higher operating costs, negatively impact employee morale and result in higher employee turnover.

Workplace safety is important to us, our employees and our customers. As a result, we maintain comprehensive safety programs and training to all applicable employees throughout our organization. While we focus on protecting people and property, our work is performed at construction sites and in industrial facilities, and our workers are subject to the normal hazards associated with providing these services. Even with proper safety precautions, these hazards can lead to personal injury, loss of life, damage to or destruction of property, plant and equipment and environmental damage. We are intensely focused on maintaining a strong safety environment and reducing the risk of accidents to the lowest possible level.

Although we have taken what we believe are appropriate precautions to adequately train and equip our employees, we have experienced serious accidents, including fatalities, in the past and may experience additional accidents in the future. Serious accidents may subject us to penalties, civil litigation or criminal prosecution. Claims for damages to persons, including claims for bodily injury or loss of life, could result in costs and liabilities, which could materially and adversely affect our financial condition, results of operations or cash flows.

We may become liable for the obligations of our joint ventures and our subcontractors.

Some of our projects are performed through joint ventures with other parties. In addition to the usual liability of contractors for the completion of contracts and the warranty of our work, where work is performed through a joint venture, we also have potential liability for the work performed by the joint venture itself. In these projects, even if we satisfactorily complete our project responsibilities within budget, we may incur additional unforeseen costs due to the failure of the joint ventures to perform or complete work in accordance with contract specifications.

We act as prime contractor on a majority of the construction projects we undertake. In our capacity as prime contractor and when acting as a subcontractor, we perform most of the work on our projects with our own resources and typically subcontract certain specialized activities such as hazardous waste removal, nondestructive inspection and catering and security. However, with respect to other contracts, including those in our Utility T&D segment, we may choose to subcontract a substantial portion of the project. In the construction industry, the prime contractor is normally responsible for the performance of the entire contract, including subcontract work. Thus, when acting as a prime contractor, we are subject to the risks associated with the failure of one or more subcontractors to perform as anticipated.

We are self-insured against many potential liabilities.

Although we maintain insurance policies with respect to automobile liability, general liability, workers' compensation and employee group health claims, many of those policies are subject to substantial deductibles, and we are self-insured up to the amount of the deductible. Since most claims against us do not exceed the deductibles under our insurance policies, we are effectively self-insured for the overwhelming majority of claims. We actuarially determine any liabilities for unpaid claims and associated expenses, including incurred but not reported losses, and reflect those liabilities in our balance sheet as other current and noncurrent liabilities. The determination of such claims and expenses and the appropriateness of the liability is reviewed and updated quarterly. However, insurance liabilities are difficult to assess and estimate due to many relevant factors, the effects of which are often unknown, including the severity of an injury, the determination of our liability in proportion to other parties, the number of incidents not reported and the effectiveness of our safety program. If our insurance claims increase or costs exceed our estimates of insurance liabilities, we could experience a decline in profitability and liquidity.

Our operations expose us to potential environmental liabilities.

Our U.S. and Canadian operations are subject to numerous environmental protection laws and regulations which are complex and stringent. We regularly perform work in and around sensitive environmental areas, such as rivers, lakes and wetlands. Part of the business in our Utility T&D segment is performed in the southwestern U.S. where there is a greater risk of fines, work stoppages or other sanctions for disturbing Native American artifacts and archeological sites. Significant fines, penalties and other sanctions may be imposed for non-compliance with environmental laws and regulations, and some environmental laws provide for joint and several strict liabilities for remediation of releases of hazardous substances, rendering a person liable for environmental damage, without regard to negligence or fault on the part of such person. In addition to potential liabilities that may be incurred in satisfying these requirements, we may be subject to claims alleging personal injury or property damage as a result of alleged exposure to hazardous substances. These laws and regulations may expose us to liability arising out of the conduct of operations or conditions caused by others or for our acts which were in compliance with all applicable laws at the time these acts were performed.

We own and operate several properties in the United States and Canada that have been used for a number of years for the storage and maintenance of equipment and upon which hydrocarbons or other wastes may have been disposed or released. Any release of substances by us or by third parties who previously operated on these properties may be subject to the Comprehensive Environmental Response Compensation and Liability Act ("CERCLA"), the Resource Compensation and Recovery Act ("RCRA") and/or analogous state, provincial or local laws. CERCLA imposes joint and several liabilities, without regard to fault or the legality of the original conduct, on certain classes of persons who are considered to be responsible for the release of hazardous substances into the environment, while RCRA governs the generation, storage, transfer and disposal of hazardous wastes. Under these or similar laws, we could be required to remove or remediate previously disposed wastes and clean up contaminated property. The expenses related to this work could have a significant impact on our future results.

Our operations outside of the U.S. and Canada are oftentimes potentially subject to similar governmental or provincial controls and restrictions relating to the environment.

We are unable to predict how legislation or new regulations that may be adopted to address greenhouse gas emissions would impact our business segments.

Recent scientific studies have suggested that emissions of certain gases, commonly referred to as “greenhouse gases,” may be contributing to warming of the earth’s atmosphere. As a result, there have been a variety of regulatory developments, proposals or requirements and legislative initiatives that have been introduced and/or issued in the United States (as well as other parts of the world) that are focused on restricting the emission of carbon dioxide, methane and other greenhouse gases. Although it is difficult to accurately predict how such legislation or regulations, including those introduced or adopted in the future, would impact our business and operations, it is possible that such laws and regulations could result in greater compliance costs, capital spending requirements or operating restrictions for us and/or our customers and could adversely affect the demand for some of our services. We are also unable to predict how the outcome of the 2016 federal and state elections may affect any existing or proposed regulations or legislation to reduce greenhouse gas emissions.

We may not be able to compete for, or work on, certain projects if we are not able to obtain any necessary bonds, letters of credit, bank guarantees or other financial assurances.

Our contracts may require that we provide to our customers security for the performance of their projects in the form of bonds, letters of credit or other financial assurances. Current or future market conditions, including losses incurred in the construction industry or as a result of large corporate bankruptcies, as well as changes in our sureties' assessment of our operating and financial risk, could cause our surety providers to decline to issue or renew, or substantially reduce the amount of, bid or performance bonds for our work. These actions could be taken on short notice. If our surety providers or lenders were to limit or eliminate our access to bonding or letters of credit, our alternatives would include seeking capacity from other sureties and lenders and finding more business that does not require bonds or allows for other form of collateral for project performance, such as cash. We may be unable to secure these alternatives in a timely manner, on acceptable terms, or at all, which could affect our ability to bid for or work on future projects requiring financial assurances.

Furthermore, under standard terms in the surety market, sureties issue or continue bonds on a project-by-project basis and can decline to issue bonds at any time or require the posting of collateral as a condition to issuing or renewing any bonds. If we were to experience an interruption or reduction in the availability of bonding capacity as a result of these or any other reasons, we may be unable to compete for or work on certain projects that would require bonding.

We are dependent upon the services of our executive management.

Our success depends heavily on the continued services of our executive management. Our management team is the nexus of our operational experience and customer relationships. Our ability to manage business risk and satisfy the expectations of our clients, stockholders and other stakeholders is dependent upon the collective experience and relationships of our management team. We do not maintain key man life insurance for these individuals.

In the past few years, we have experienced significant turnover at the senior management level. We believe that we currently have in place competitive compensation programs with strong retention incentives for our senior management. However, the loss or interruption of services provided by one or more of our senior officers could adversely affect our results of operations.

Our business is labor intensive, and we may be unable to attract and retain qualified employees.

Our ability to maintain our productivity and improve profitability will be limited by our ability to employ, train and retain skilled personnel necessary to meet our requirements. We cannot be certain that we will be able to maintain an adequate skilled labor force necessary to operate efficiently and to support our strategy.

We contribute to multi-employer plans that could result in liabilities to us if those plans are terminated or we withdraw from those plans.

We contribute to several multi-employer pension plans for employees covered by collective bargaining agreements. These plans are not administered by us and contributions are determined in accordance with provisions of negotiated labor contracts. The Employee Retirement Income Security Act of 1974, as amended by the Multi-employer Pension Plan Amendments Act of 1980, imposes certain liabilities upon employers who are contributors to a multi-employer plan in the event of the employer’s withdrawal from, or upon termination of, such plan. In addition, if the funding of any of these multi-employer plans becomes in “critical status” under the Pension Protection Act of 2006, we could be required to make significant additional contributions to those plans.

A number of plans to which our business units contribute or may contribute in the future are in “endangered” or “critical” status. Certain of these plans may require additional contributions, generally in the form of a surcharge on future benefit contributions required for future work performed by union employees covered by these plans. The amount of additional funds, if any, that we may be obligated to contribute to these plans in the future cannot be estimated, as such amounts will likely be based on future levels of work that require the specific use of those union employees covered by these plans.

Table of Contents

Index to Financial Statements

Our settlements with the DOJ and the SEC may negatively impact us in the event of a future FCPA violation. Our failure to comply with the FCPA or other anti-bribery laws would have a material adverse effect on our business.

In May 2008, after reaching agreement with the Company, the Department of Justice ("DOJ") filed an Information and Deferred Prosecution Agreement ("DPA") concluding its investigation into violations of the FCPA by Willbros Group, Inc. and its subsidiary, Willbros International, Inc. Also in May 2008, we reached a final settlement with the SEC to resolve its previously disclosed investigations of possible violations of the FCPA and possible violations of the Securities Act of 1933 and the Securities Exchange Act of 1934. These investigations stemmed primarily from our former operations in Bolivia, Ecuador and Nigeria. We made the final payments under these settlements in October 2011. The criminal information associated with the DPA was dismissed, with prejudice, on April 2, 2012. Currently, we have no employees working outside of the United States and Canada.

Under the SEC settlement, we are permanently enjoined from committing any future violations of the federal securities laws.

Our failure to abide by the FCPA and other laws could result in prosecution and other regulatory sanctions and severely impact our operations. A criminal conviction for violations of the FCPA could result in fines, civil and criminal penalties and equitable remedies, including profit disgorgement and injunctive relief, and would have a material adverse effect on our business.

Special risks associated with doing business in highly corrupt environments may adversely affect our business.

Our international business operations may include projects in countries where corruption is prevalent. Since the anti-bribery restrictions of the FCPA make it illegal for us to give anything of value to foreign officials in order to obtain or retain any business or other advantage, we may be subject to competitive disadvantages to the extent that our competitors are able to secure business, licenses or other preferential treatment by making payments to government officials and others in positions of influence. Currently, we have no employees working outside of the United States and Canada.

RISKS RELATED TO OUR COMMON STOCK

Our common stock, which is listed on the New York Stock Exchange, has from time to time experienced significant price and volume fluctuations. These fluctuations are likely to continue in the future, and you may not be able to resell your shares of common stock at or above the purchase price paid by you.

The market price of our common stock may change significantly in response to various factors and events beyond our control, including the following:

- the risk factors described in this Item 1A;
- a shortfall in operating revenue or net income from that expected by securities analysts and investors;
- changes in securities analysts' estimates of our financial performance or the financial performance of our competitors or companies in our industries generally;
- general conditions in our customers' industries; and
- general conditions in the securities markets.

Table of Contents

Index to Financial Statements

Our certificate of incorporation and bylaws may inhibit a takeover, which may adversely affect the performance of our stock.

Our certificate of incorporation and bylaws may discourage unsolicited takeover proposals or make it more difficult for a third party to acquire us, which may adversely affect the price that investors might be willing to pay for our common stock. For example, our certificate of incorporation and bylaws:

- provide for a classified board of directors, which allows only one-third of our directors to be elected each year;
- deny stockholders the ability to take action by written consent;
- establish advance notice requirements for nominations for election to our Board of Directors and business to be brought by stockholders before any meeting of the stockholders;
- provide that special meetings of stockholders may be called only by our Board of Directors, Chairman, Chief Executive Officer or President; and
- authorize our Board of Directors to designate the terms of and to approve the issuance of new series of preferred stock.

Future sales of our common stock may depress our stock price.

Sales of a substantial number of shares of our common stock in the public market or otherwise, either by us, a member of management or a major stockholder, or the perception that these sales could occur, may depress the market price of our common stock and impair our ability to raise capital through the sale of additional equity securities.

In the event we issue stock as consideration for acquisitions or to fund our corporate activities, we may dilute share ownership.

We grow our business organically as well as through acquisitions. One method of acquiring companies or otherwise funding our corporate activities is through the issuance of additional equity securities. If we do issue additional equity securities, such issuances may have the effect of diluting our earnings per share as well as our existing stockholders' individual ownership percentages in our Company.

Our future sale of common stock, preferred stock, warrants or convertible securities may lead to further dilution of our issued and outstanding stock.

Our authorized shares of common stock consist of 105 million shares. The issuance of additional common stock or securities convertible into our common stock would result in further dilution of the ownership interest in us held by existing stockholders. We are authorized to issue, without stockholder approval, one million shares of preferred stock, which may give other stockholders dividend, conversion, voting and liquidation rights, among other rights, which may be superior to the rights of holders of our common stock. While our Board of Directors has no present intention of authorizing the issuance of any such preferred stock, it reserves the right to do so in the future.

Item 1B. Unresolved Staff Comments

None.

Item 3. Legal Proceedings

For information regarding legal proceedings, see the discussion under the caption "Contingencies" in Note 14 – Contingencies, Commitments and Other Circumstances of our Notes to Consolidated Financial Statements in Item 8 of this Form 10-K, which information from Note 14 is incorporated by reference herein.

Item 4. Mine Safety Disclosures

Not applicable.

Table of Contents

Index to Financial Statements

Item 4A. Executive Officers of the Registrant

The following table sets forth information regarding our executive officers. Officers are elected annually by, and serve at the discretion of, our Board of Directors.

Name	Age	Position(s)
Michael J. Fournier	54	President, Chief Executive Officer, Chief Operating Officer and Director
Van A. Welch	62	Executive Vice President and Chief Financial Officer
Johnny M. Priest	67	Executive Vice President, Utility Transmission & Distribution (President, Utility T&D)
Andrew M. Jack	53	Senior Vice President, Willbros Canada (President, Canada)
Harry W. New	55	Senior Vice President, Oil & Gas (President, Oil & Gas)
Linnie A. Freeman	62	Senior Vice President, General Counsel, Chief Compliance Officer and Corporate Secretary

Michael J. Fournier has been Chief Executive Officer and a Director of the Company since December 2015, President of the Company since October 2014 and Chief Operating Officer of the Company since July 2014. He joined Willbros in August 2011 as Chief Operating Officer of Canada operations and served as President of Canada operations from September 2012 to July 2014. Prior to joining Willbros, he filled successive roles starting as an Operations Manager and finishing as President of Aecon Lockerbie Construction Group, Inc., a construction and infrastructure development company, and its predecessor entities from 2005 to 2011. Mr. Fournier has more than 30 years of experience in the engineering and construction service industries. Mr. Fournier started his career in the Offshore Gulf Coast pipeline construction and platform fabrication sector, relocating to Canada in the early 90's. Much of his career since then has been spent in the Canadian Oil, Gas and Petrochemical sector where he has held a succession of project management and executive management roles with heavy industrial construction firms culminating in business unit president roles. He has served on the Board of Directors for the Progressive Contractors Association of Canada and Construction Labour Relations - Alberta and on the Management Board of the Natural Sciences and Engineering Research Council of Canada Chair in Construction Management for the University of Alberta. Mr. Fournier graduated from the University of Alberta with a Bachelor of Science in Mechanical Engineering and is registered with the Association of Professional Engineers, Geologists and Geophysicists of Alberta.

Van A. Welch has been Executive Vice President of the Company since May 2011 and Chief Financial Officer of the Company since August 2006. He served as Senior Vice President of the Company from August 2006 to May 2011 and as Treasurer of the Company from August 2006 to September 2007 and from July 2010 to May 2012. Mr. Welch has over 30 years' experience in project controls, administrative and finance positions with KBR, Inc. (formerly known as Kellogg Brown & Root), a global engineering, construction and services company, and its subsidiaries, serving in his last position as Vice President - Finance and Investor Relations and as a member of KBR's executive leadership team. From 1998 to 2006, Mr. Welch held various other positions with KBR including Vice President, Accounting and Finance of the Engineering and Construction Division, Vice President, Accounting and Finance of Onshore Operations and Senior Vice President of Shared Services. Mr. Welch is a Certified Public Accountant.

Johnny M. Priest joined Willbros in 2012 as Chief Operating Officer of the Utility T&D segment before being elected Senior Vice President, Utility T&D and President of the Utility T&D segment later that year. He was elected Executive Vice President, Utility Transmission & Distribution of the Company in October 2014. Prior to joining Willbros, he served as Chief Executive Officer of Argos Utilities, a provider of transmission and distribution services to utility customers, from April 2009 to March 2012. Mr. Priest began his career as a line construction technician with Duke Power in 1967 and has since managed and presided over a number of companies including Argos Utilities, MasTec Energy Group and Shaw Energy Delivery Services (formerly owned by Duke Energy). He is a veteran of the U.S. Army.

Andrew M. Jack has been Senior Vice President, Willbros Canada of the Company since January 2016 and President of the Canada segment since July 2014. He joined Willbros in October 2012 as General Manager of the Construction and Maintenance business unit before being elected as Vice President, Canada in December 2013. Mr. Jack has extensive general management and business development experience with almost 26 years in the Oil and Gas pipeline industry and has worked internationally with respected multi-national companies. Mr. Jack is a Chartered Manager and member of the UK Pipeline Industries Guild. His early career began in finance with Deloitte (at that time, Deloitte Haskins & Sells) followed by Financial Controller positions in the Oil and Gas pipeline industry before joining the Pipeline Intervention and Integrity group at TD

Table of Contents

Index to Financial Statements

Williamson, Inc., a global solutions provider for the owners and operators of pressurized piping systems, as Regional Controller for the Europe, Africa, and Middle East Region. Subsequently, he held senior regional positions in Strategy, Business Development and Operations Management with TD Williamson, Inc. followed by general management roles for Africa and the Pipeline Integrity Division.

Harry W. New has been Senior Vice President, Oil & Gas of the Company since January 2016 and President of the Oil & Gas segment since January 2015. He previously spent six years with Willbros from 2005 to 2011, rising to President of Willbros U.S. Construction. Prior to rejoining Willbros, from September 2011 to January 2015, he served as Senior Vice President of NorthStar Energy Services (a Quanta Services company), a provider of infrastructure solutions for the oil and gas, pipeline, chemical, petrochemical, power and terminal industries. Mr. New has more than 30 years of experience in the pipeline construction industry including management positions at Amec-Paragon Engineering and Bechtel Corporation. Mr. New is a member of the American Pipeline Contractors Association, INGAA and The Pipeliners Association of Houston. Mr. New graduated from Texas A&I with a Bachelor of Science degree in Natural Gas Engineering.

Linnie A. Freeman has been Senior Vice President, General Counsel and Chief Compliance Officer of the Company since April 2016 and Corporate Secretary since January 2017. She previously served as Vice President, Legal from June 2015 to March 2016 and Associate General Counsel from May 2008 to May 2015. Before joining Willbros in 2008, she was in private practice and represented the Company in a variety of matters beginning in 2001. Ms. Freeman has practiced law for more than 30 years, and her legal experience includes work with mergers and acquisitions, construction contracts, construction claims, litigation management and compliance matters. Ms. Freeman is an active member of the state bar association of Texas and an inactive member of the state bar association of California. She is a graduate of Louisiana Tech University and holds her Juris Doctorate degree from The University of Texas.

Table of Contents

Index to Financial Statements

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our common stock commenced trading on the New York Stock Exchange on August 15, 1996, under the symbol "WG." The following table sets forth the high and low sale prices per share of our common stock as reported by the New York Stock Exchange for the periods indicated:

	High	Low
For the year ended December 31, 2016:		
First Quarter	$3.07	$1.11
Second Quarter	3.41	1.98
Third Quarter	2.85	1.46
Fourth Quarter	3.43	1.42
For the year ended December 31, 2015:		
First Quarter	$7.04	$1.50
Second Quarter	3.28	1.12
Third Quarter	1.82	0.68
Fourth Quarter	3.43	1.24

Substantially all of our stockholders maintain their shares in "street name" accounts and are not, individually, stockholders of record. As of February 28, 2017, our common stock was held by approximately 155 holders of record.

Dividend Policy

Since 1991, we have not paid any cash dividends on our capital stock, except dividends in 1996 on our outstanding shares of preferred stock, which were converted into shares of common stock on July 15, 1996. Our 2014 Term Credit Agreement prohibits us from paying cash dividends on our common stock.

Issuer Purchases of Equity Securities

The following table provides information about purchases of our common stock by us during the fourth quarter of 2016:

	Total Number of Shares Purchased (1)	Average Price Paid Per Share (2)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares That May Yet Be Purchased Under the Plans or Programs
October 1, 2016 – October 31, 2016	152	$ 1.76	—	—
November 1, 2016 – November 30, 2016	—	—	—	—
December 1, 2016 – December 31, 2016	13,162	3.24	—	—
Total	13,314	$ 3.22	—	—

(1) Represents shares of common stock acquired from certain of our officers and key employees under the share withholding provisions of our 2010 Stock and Incentive Compensation Plan for the payment of taxes associated with the vesting of shares of restricted stock granted under such plan.

(2) The price paid per common share represents the closing sales price of a share of our common stock as reported by the New York Stock Exchange on the day that the stock was acquired by us.

26

Table of Contents

Index to Financial Statements

Item 6. Selected Financial Data
SELECTED CONSOLIDATED FINANCIAL AND OTHER DATA
(Dollar amounts in thousands, except per share data)

	Year Ended December 31,				
	2016	2015	2014	2013	2012
Statement of Operations Data:					
Contract revenue	$731,685	$908,994	$1,594,370	$1,495,125	$1,449,372
Operating expenses (income):					
Contract costs	685,389	868,240	1,497,618	1,360,014	1,331,013
Amortization of intangibles	9,754	9,874	9,885	9,907	9,991
General and administrative	60,993	77,335	108,622	122,368	116,984
Gain on sale of subsidiary	—	(12,826)	—	—	—
Other charges	6,210	18,469	6,692	—	—
Goodwill impairment	—	—	—	—	6,593
Operating income (loss)	(30,661)	(52,098)	(28,447)	2,836	(15,209)
Interest expense	(13,976)	(27,254)	(30,797)	(32,394)	(29,477)
Interest income	451	51	438	1,174	130
Debt covenant suspension and extinguishment charges	(63)	(39,178)	(15,176)	(11,573)	(3,405)
Other, net	(63)	(101)	(397)	(733)	(661)
Loss from continuing operations before income taxes	(44,312)	(118,580)	(74,379)	(40,690)	(48,622)
Provision (benefit) for income taxes	(530)	(54,031)	229	(3,992)	(5,278)
Loss from continuing operations	(43,782)	(64,549)	(74,608)	(36,698)	(43,344)
Income (loss) from discontinued operations net of provision for income taxes	(3,977)	96,032	(5,219)	20,831	14,109
Net income (loss)	(47,759)	31,483	(79,827)	(15,867)	(29,235)
Less: Income attributable to noncontrolling interest	—	—	—	—	(976)
Net income (loss) attributable to Willbros Group, Inc.	$(47,759)	$31,483	$(79,827)	$(15,867)	$(30,211)
Reconciliation of net income (loss) attributable to Willbros Group, Inc.					
Loss from continuing operations	$(43,782)	$(64,549)	$(74,608)	$(36,698)	$(43,344)
Income (loss) from discontinued operations	(3,977)	96,032	(5,219)	20,831	13,133
Net income (loss) attributable to Willbros Group, Inc.	$(47,759)	$31,483	$(79,827)	$(15,867)	$(30,211)
Basic income (loss) per share attributable to Company shareholders:					
Continuing operations	$(0.71)	$(1.12)	$(1.51)	$(0.76)	$(0.90)
Discontinued operations	(0.06)	1.66	(0.11)	0.44	0.27
Net income (loss)	$(0.77)	$0.54	$(1.62)	$(0.32)	$(0.63)

Table of Contents

Index to Financial Statements

Diluted income (loss) per share attributable to Company shareholders:					
Continuing operations	$(0.71)	$(1.12)	$(1.51)	$(0.76)	$(0.90)
Discontinued operations	(0.06)	1.66	(0.11)	0.44	0.27
Net income (loss)	$(0.77)	$0.54	$(1.62)	$(0.32)	$(0.63)
Cash Flow Data:					
Cash provided by (used in):					
Operating activities	$(19,611)	$(4,195)	$(60,106)	$2,469	$(35,738)
Investing activities	10,843	209,833	39,230	25,955	22,236
Financing activities	(8,615)	(166,642)	1,596	(37,630)	6,574
Effect of exchange rate changes	(29)	(3,437)	(1,057)	(1,564)	(2,137)
Balance Sheet Data (at period end):					
Cash and cash equivalents	$41,420	$58,832	$22,565	$42,096	$48,154
Total assets	363,036	441,577	684,021	860,272	963,429
Total liabilities	227,899	264,177	570,196	671,498	757,096
Total debt	89,189	95,623	270,335	261,432	286,416
Stockholders' equity	135,137	177,400	113,825	188,774	206,333
Other Financial Data (excluding discontinued operations):					
12 Month Backlog (at period end)(1)	$419,866	$432,217	$548,552	$800,961	$778,544
Capital expenditures, excluding acquisitions	3,802	2,183	11,452	12,975	9,159
Adjusted EBITDA from continuing operations(2)	(2,755)	(19,461)	15,618	39,802	34,272
Number of employees (at period end):	3,165	3,579	7,959	9,399	12,054

(1) Backlog broadly consists of anticipated contract revenue from the uncompleted portions of existing contracts and contracts whose award is reasonably assured, subject only to the cancellation and modification provisions contained in various contracts. MSA backlog is estimated for the remaining terms of the contract. MSA backlog is determined based on historical trends inherent in the MSAs, factoring in seasonal demand and projecting customer needs based on ongoing communications with the customer.

(2) Adjusted EBITDA from continuing operations is defined as income (loss) from continuing operations before interest expense (income), income tax expense (benefit) and depreciation and amortization, adjusted for items which management does not consider representative of our ongoing operations and certain non-cash items of the Company. Management uses Adjusted EBITDA from continuing operations as a supplemental performance measure for comparing normalized operating results with corresponding historical periods and with the operational performance of other companies in our industry and for presentations made to analysts, investment banks and other members of the financial community who use this information in order to make investment decisions about us.

Adjusted EBITDA from continuing operations is not a financial measurement recognized under U.S. generally accepted accounting principles, or U.S. GAAP. When analyzing our operating performance, investors should use Adjusted EBITDA from continuing operations in addition to, and not as an alternative for, net income, operating income, or any other performance measure derived in accordance with U.S. GAAP, or as an alternative to cash flow from operating activities as a measure of our liquidity. Because all companies do not use identical calculations, our presentation of Adjusted EBITDA from continuing operations may be different from similarly titled measures of other companies.

Table of Contents

Index to Financial Statements

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with our consolidated financial statements and the notes thereto. Additional sections in this Form 10-K which should be helpful to the reading of our discussion and analysis include the following: (i) a description of our services provided by segment found in Items 1 and 2 "Business and Properties – Business Segments;" (ii) a description of our business strategy found in Items 1 and 2 "Business and Properties – Our Strategy;" and (iii) a description of risk factors affecting us and our business, found in Item 1A "Risk Factors."

Inasmuch as the discussion below and the other sections to which we have referred you pertain to management's comments on financial resources, capital spending, our business strategy and the outlook for our business, such discussions contain forward-looking statements. These forward-looking statements reflect the expectations, beliefs, plans and objectives of management about future financial performance and assumptions underlying management's judgment concerning the matters discussed, and accordingly, involve estimates, assumptions, judgments and uncertainties. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to any differences include, but are not limited to, those discussed below and elsewhere in our 2016 Form 10-K, particularly in Item 1A "Risk Factors" and in "Forward-Looking Statements."

OVERVIEW

Willbros is a specialty energy infrastructure contractor serving the oil and gas and power industries with offerings that primarily include construction, maintenance and facilities development services. Our principal markets for continuing operations are the United States and Canada. We obtain our work through competitive bidding and negotiations with prospective clients. Contract values range from several thousand dollars to several hundred million dollars, and contract durations range from a few weeks to more than two years.

Willbros has three reportable segments: Oil & Gas, Utility T&D and Canada. These segments are comprised of strategic businesses that are defined by the industries or geographic regions they serve. Each segment is managed as an operation with well-established strategic directions and performance requirements. Each segment is led by a separate segment President who reports directly to the CODM.

Our Oil & Gas segment provides construction, maintenance and lifecycle extension services to the midstream markets. These services include pipeline construction to support the transportation and storage of hydrocarbons, including gathering, lateral and main-line pipeline systems, as well as, facilities construction such as pump stations, flow stations, gas compressor stations and metering stations. In addition, the Oil & Gas segment provides integrity construction, pipeline systems maintenance and tank services to a number of different customers.

At December 31, 2016, the assets and liabilities associated with tank services have been classified as held for sale. See Note 4 - Assets Held for Sale in Item 8 of this Form 10-K for more information.

Our Utility T&D segment provides a wide range of services in electric and natural gas transmission and distribution, including comprehensive engineering, procurement, maintenance and construction, repair and restoration of utility infrastructure.

Our Canada segment provides construction, maintenance and fabrication services, including integrity and supporting civil work, pipeline construction, general mechanical and facility construction, API storage tanks, general and modular fabrication, along with electrical and instrumentation projects serving the Canadian energy and water industries.

The CODM evaluates segment performance using operating income which is defined as contract revenue less contract costs and segment overhead, such as amortization related to intangible assets and general and administrative expenses that are directly attributable to the segment. In 2016, we implemented a change to our organizational structure such that corporate overhead costs, such as executive management, public company, accounting, tax and professional services, human resources and treasury, are no longer allocated to each segment. Previously reported segment information has been revised to conform to this new presentation.

General economic and market conditions, coupled with the highly competitive nature of our industry, continue to result in pricing pressure on the services we provide in our Oil & Gas and Canada segments.

Table of Contents

Index to Financial Statements

Looking Forward

We took difficult, but necessary, steps in 2016 to reduce our overall cost structure from both a segment and corporate perspective. Our efforts to better align our costs with lower revenue has led to an improvement in our continuing operating results when compared to 2015. We believe we have positioned the Company to address the challenges and opportunities in 2017.

We anticipate our Utility T&D segment will continue to execute its growth strategy. We believe opportunities exist to expand our transmission capabilities to service new customers, and this initiative remains a top priority. Our distribution services are positioned to further enhance its capabilities after successfully expanding its footprint in 2016 in both the Southeast and Eastern regions of the United States.

Our Oil & Gas segment has modified its focus to address relatively smaller opportunities, both in terms of size and duration, including mid-diameter pipeline systems, integrity and facilities work. This segment is less dependent on large diameter pipeline construction, but continues to bid and has retained the capability to perform this work. In addition, we anticipate growth in the Northeast as we continue to operate in the active Marcellus and Utica fields.

In our Canada segment, competition among contractors for ongoing maintenance work and small capital projects continues to put pressure on operating margins. We anticipate large capital projects will stay below historical levels for 2017, and we therefore remain focused on serving our client's maintenance needs through MSA agreement renewals and sustaining their small capital projects, coupled with tank construction, pipeline integrity work, mid and small diameter pipeline opportunities and water industry construction services.

Other Financial Measures

Backlog

Backlog broadly consists of anticipated contract revenue from the uncompleted portions of existing contracts and contracts whose award is reasonably assured, subject only to the cancellation and modification provisions contained in various contracts. Additionally, due to the short duration of many jobs, revenue associated with jobs won and performed within a reporting period will not be reflected in quarterly backlog reports. We generate revenue from numerous sources, including contracts of long or short duration entered into during a year as well as from various contractual processes, including change orders, extra work and variations in the scope of work. These revenue sources are not added to backlog until realization is assured.

Our backlog presentation reflects not only the 12 month lump-sum and MSA work but also the full-term value of work under contract, including MSA work, as we believe that this information is helpful in providing additional long-term visibility. We determine the amount of backlog for work under ongoing MSA maintenance and construction contracts based on historical trends inherent in the MSAs, factoring in seasonal demand and projecting customer needs based on ongoing communications with the customer.

At December 31, 2016, total backlog was approximately $792.5 million, and 12 month backlog was approximately $419.9 million. In comparison to December 31, 2015, total backlog decreased approximately $34.3 million, and 12 month backlog decreased approximately $12.3 million. The decrease in total and 12 month backlog is primarily attributed to the work-off of revenue, which is out-pacing our additions in the Oil & Gas and Canada segments. Approximately $15.2 million of total and 12 month backlog is attributed to our tank services business, which is classified as held for sale at December 31, 2016. Our tank services business is included in our Oil & Gas segment.

Table of Contents

Index to Financial Statements

The following tables (in thousands) show our backlog by segment and geographic location as of December 31, 2016 and 2015 and our 12 month backlog for each of the last five years:

	As of December 31,							
	2016				2015			
	12 Month	Percent	Total	Percent	12 Month	Percent	Total	Percent
Oil & Gas	$28,827	6.8 %	$28,827	3.6 %	$46,810	10.9 %	$48,810	5.9 %
Utility T&D	349,998	83.4 %	656,838	82.9 %	274,610	63.5 %	622,629	75.3 %
Canada	41,041	9.8 %	106,793	13.5 %	110,797	25.6 %	155,379	18.8 %
Total Backlog	$419,866	100.0%	$792,458	100.0%	$432,217	100.0%	$826,818	100.0%

	As of December 31,			
	2016		2015	
	Total	Percent	Total	Percent
Total Backlog by Geographic Region				
United States	$685,665	86.5 %	$671,439	81.2 %
Canada	106,793	13.5 %	155,379	18.8 %
Backlog	$792,458	100.0%	$826,818	100.0%

	As of December 31,				
	2016	2015	2014	2013	2012
12 Month Backlog	$419,866	$432,217	$548,552	$800,961	$778,544

Adjusted EBITDA from Continuing Operations

We define Adjusted EBITDA from continuing operations as income (loss) from continuing operations before interest expense (income), income tax expense (benefit) and depreciation and amortization, adjusted for items which management does not consider representative of our ongoing operations and certain non-cash items of the Company. These adjustments are itemized in the following table. You are encouraged to evaluate these adjustments and the reasons we consider them appropriate for supplemental analysis. In evaluating Adjusted EBITDA from continuing operations, you should be aware that in the future we may incur expenses that are the same as, or similar to, some of the adjustments in this presentation. Our presentation of Adjusted EBITDA from continuing operations should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items.

Management uses Adjusted EBITDA from continuing operations as a supplemental performance measure for:

- Comparing normalized operating results with corresponding historical periods and with the operational performance of other companies in our industry; and
- Presentations made to analysts, investment banks and other members of the financial community who use this information in order to make investment decisions about us.

Adjusted EBITDA from continuing operations is not a financial measurement recognized under U.S. GAAP. When analyzing our operating performance, investors should use Adjusted EBITDA from continuing operations in addition to, and not as an alternative for, net income, operating income, or any other performance measure derived in accordance with U.S. GAAP, or as an alternative to cash flow from operating activities as a measure of our liquidity. Because all companies do not use identical calculations, our presentation of Adjusted EBITDA from continuing operations may be different from similarly titled measures of other companies.

Table of Contents

Index to Financial Statements

A reconciliation of Adjusted EBITDA from continuing operations to U.S. GAAP financial information follows (in thousands):

	Year Ended December 31,				
	2016	2015	2014	2013	2012
Loss from continuing operations attributable to Willbros Group, Inc.	$(43,782)	$(64,549)	$(74,608)	$(36,698)	$(43,344)
Interest expense	13,976	27,254	30,797	32,394	29,477
Interest income	(451)	(51)	(438)	(1,174)	(130)
Provision (benefit) for income taxes	(530)	(54,031)	229	(3,992)	(5,278)
Depreciation and amortization	21,919	27,200	31,873	34,436	38,363
EBITDA from continuing operations	(8,868)	(64,177)	(12,147)	24,966	19,088
Debt covenant suspension and extinguishment charges	63	39,178	15,176	11,573	3,405
Stock-based compensation	4,127	6,605	12,475	6,382	6,821
Fort McMurray wildfire related costs	450	—	—	—	—
Restructuring charges	4,933	9,475	1,878	59	—
Accounting and legal fees associated with the restatements	(24)	595	3,413	—	—
(Gain) loss on disposal of equipment	(3,436)	1,155	(5,177)	(3,178)	(3,223)
Gain on sale of subsidiary	—	(12,826)	—	—	—
Impairment of intangible assets	—	534	—	—	—
Goodwill impairment charges	—	—	—	—	6,593
DOJ monitor costs	—	—	—	—	1,588
Adjusted EBITDA from continuing operations	$(2,755)	$(19,461)	$15,618	$39,802	$34,272

32

Table of Contents

Index to Financial Statements

RESULTS OF OPERATIONS

	Years Ended December 31 (in thousands)				
	2016	2015	2016-2015 Change	2014	2015-2014 Change
Contract revenue					
Oil & Gas	$170,448	$297,110	$(126,662)	$826,088	$(528,978)
Utility T&D	418,387	379,629	38,758	363,779	15,850
Canada	143,140	232,534	(89,394)	404,589	(172,055)
Eliminations	(290)	(279)	(11)	(86)	(193)
Total	731,685	908,994	(177,309)	1,594,370	(685,376)
Contract costs	685,389	868,240	(182,851)	1,497,618	(629,378)
Amortization of intangibles	9,754	9,874	(120)	9,885	(11)
General and administrative	60,993	77,335	(16,342)	108,622	(31,287)
Gain on sale of subsidiary	—	(12,826)	12,826	—	(12,826)
Other charges	6,210	18,469	(12,259)	6,692	11,777
Operating income (loss)					
Oil & Gas	(16,783)	(38,024)	21,241	(30,623)	(7,401)
Utility T&D	15,567	3,960	11,607	16,908	(12,948)
Canada	(650)	10,226	(10,876)	43,911	(33,685)
Gain on sale of subsidiary	—	12,826	(12,826)	—	12,826
Corporate	(28,795)	(41,086)	12,291	(58,643)	17,557
Total	(30,661)	(52,098)	21,437	(28,447)	(23,651)
Non-operating expenses	(13,651)	(66,482)	52,831	(45,932)	(20,550)
Loss from continuing operations before income taxes	(44,312)	(118,580)	74,268	(74,379)	(44,201)
Provision (benefit) for income taxes	(530)	(54,031)	53,501	229	(54,260)
Loss from continuing operations	(43,782)	(64,549)	20,767	(74,608)	10,059
Income (loss) from discontinued operations net of provision for income taxes	(3,977)	96,032	(100,009)	(5,219)	101,251
Net income (loss)	$(47,759)	$31,483	$(79,242)	$(79,827)	$111,310

2016 versus 2015

Consolidated Results

Contract Revenue

Contract revenue decreased $177.3 million in 2016 primarily related to a lower volume of work in our Oil & Gas and Canada segments driven by challenging market conditions for the majority of the year. The overall decrease is also partly attributed to the 2015 exit from both our regional delivery model and service offerings in the downstream market in our Oil & Gas segment. The decrease is partially offset by increased revenue in our Utility T&D segment driven mainly by our electric transmission construction services in Texas and distribution MSA work along the Atlantic seaboard, Texas and the Gulf Coast.

Contract Costs

Contract costs decreased $182.9 million in 2016 primarily related to the lower revenue levels previously discussed. Contract margin was 6.3 percent in 2016 compared to 4.5 percent in 2015. The improved margin is primarily related to a reduction of equipment-related indirect costs due to the rationalization of our equipment fleet.

33

Amortization of Intangibles

We recorded $9.8 million of intangible amortization expense in 2016 primarily related to the amortization of customer relationship and trademark intangibles associated with our Utility T&D segment. The decrease from 2015 of $0.1 million is primarily related to the lack of intangible amortization associated with field, fabrication and union construction turnaround services in our Oil & Gas segment, which were fully impaired in 2015.

General and Administrative

General and administrative expense decreased $16.3 million in 2016 as a result of cost reduction initiatives taken over the last year, including, but not limited to, employee headcount reductions, primarily in our corporate headquarters, as well as the closing of our regional delivery offices and our exit from the downstream market in the Oil & Gas segment.

Gain on Sale of Subsidiary

The $12.8 million reduction in gain on sale of subsidiary is attributed to the 2015 sale of Bemis, LLC ("Bemis") that did not recur in 2016.

Other Charges

We recorded other charges of $6.2 million in 2016 primarily related to $3.6 million in equipment and facility lease abandonment charges, $1.3 million in employee severance charges and $1.0 million in losses on disposal of equipment. The year-over-year decrease of $12.3 million is primarily related to a $5.7 million reduction in losses on disposal of equipment, a $4.1 million reduction in equipment and facility lease abandonment charges, a $0.4 million reduction in employee severance charges and other termination costs, as well as a $0.6 million decrease in legal and accounting costs associated with our investigation related to the deterioration of certain construction projects within our Oil & Gas segment and restatement of our Condensed Consolidated Financial Statements for the quarterly periods ended March 31, 2014 and June 31, 2014.

Operating Loss

Operating loss decreased $21.4 million in 2016 primarily driven by the rationalization of our equipment fleet in our Oil & Gas segment and decreased general and administrative costs and other charges year-over-year. In addition, the reduced loss is partly attributable to an increased volume of work in a number of service offerings in our Utility T&D segment. The overall decrease in operating loss was partially offset by $7.0 million in losses on a cross-country pipeline project in our Canada segment, which was mainly due to adverse weather conditions. The overall decrease in operating loss was also partially offset by a lower volume of work in our Oil & Gas and Canada segments year-over-year, as well as a $12.8 million gain on the sale of Bemis in 2015, that did not recur in 2016.

Non-Operating Expenses

Non-operating expenses decreased $52.8 million in 2016 primarily related to $33.5 million in debt covenant suspension and extinguishment charges related to the fair value of outstanding stock issued during 2015, which did not recur in 2016. The remaining decrease was related to a reduction of interest expense as a result of a lower Term Loan balance in 2016, compared to 2015, as well as a reduction in prepayment premiums and debt issuance cost write-offs in connection with early payments of debt from asset dispositions, which significantly decreased year-over-year.

Benefit for Income Taxes

Benefit for income taxes decreased $53.5 million in 2016. The decrease is primarily attributed to a 2015 benefit for income taxes in continuing operations that was partially offset by a 2015 provision for income taxes in discontinued operations in relation to the net gain on sale of subsidiaries in 2015 that did not recur in 2016.

Income (Loss) from Discontinued Operations, Net of Taxes

Income from discontinued operations decreased $100.0 million to a $4.0 million loss from discontinued operations in 2016. The decrease is primarily attributed to a change in net gain on sale of subsidiaries of $154.7 million between periods. In 2015, we recorded a large net gain on sale of $152.2 million primarily related to the sale of our Professional Services segment, as well as the sale of our Premier and UtilX subsidiaries, whereas in 2016, we recorded a loss on sale of $2.5 million related to the settlement of working capital and other post-closing adjustments in connection with the sale of our Professional Services segment. The overall decrease from 2015 is also partly attributed to a reduction of income in 2016 from services previously

Table of Contents

Index to Financial Statements

associated with our Professional Services segment. The overall decrease is partially offset by a 2015 provision for income taxes of $57.2 million related to previously sold subsidiaries that did not recur in 2016.

Segment Results

Oil & Gas Segment

Contract revenue decreased $126.7 million in 2016 primarily related to the 2015 exit of both our regional delivery model and service offerings in the downstream market, coupled with a lower volume of work in tank services, facilities and integrity construction services compared to 2015, as well as the 2015 completion of a large project in the Northeast that did not recur in 2016. The overall decrease is partially offset by increased revenue in our mainline pipeline construction service offerings year-over-year.

Operating loss decreased $21.2 million in 2016 primarily associated with lower equipment-related indirect costs due to the rationalization of our equipment fleet, as well as a decrease in other charges related to the abandonment of certain equipment and facility leases, mostly in our mainline pipeline construction services. The decreased operating loss is also partly attributed to a reduction of losses associated with our regional delivery model and service offerings in our downstream market, which we exited in 2015, as well as the favorable settlement of a contract dispute with a customer during 2016. The overall decrease is partially offset by a reduction of income in our facilities and integrity construction services due mainly to a lower volume of work compared to 2015.

Utility T&D Segment

Contract revenue increased $38.8 million in 2016 primarily due to an increase in the volume of work in our electric transmission construction services, which includes work performed under our alliance agreement with Oncor, as well as growth in distribution MSA work along the Atlantic seaboard, Texas, and the Gulf Coast. The increase was partially offset by the absence of matting services associated with Bemis, which was sold in 2015.

Operating income increased $11.6 million in 2016 primarily driven by the increased volume of work described above, which led to higher margins. The increase is also partly attributed to a decrease in insurance and other employee related costs coupled with the absence of other charges associated with the abandonment of certain equipment and facility leases across the segment compared to 2015. The increase is partially offset by a reduction of income generated from matting services in Bemis, which was sold in 2015.

Canada Segment

Contract revenue decreased $89.4 million in 2016 primarily related to a lower volume of work across the entire segment due to low prevailing oil and gas prices and pricing pressures from our customers for the majority of 2016. The decrease in contract revenue is also partly driven by the 2015 completion of certain large capital projects that have not recurred in 2016 due to the challenging market conditions described above, which has significantly reduced capital spending by our customers.

Operating income decreased $10.9 million to a loss of $0.7 million in 2016 primarily related to $7.0 million in losses on one cross-country pipeline project in 2016, which was mainly due to adverse weather conditions. We are exploring options to pursue recovery on claims associated with this project. The overall decrease in income is also driven by a lower volume of work across the entire segment as previously discussed, as well as a change in the mix of services offered during the year. The overall decrease was partially offset by the impact of measures taken to reduce overall operating costs in 2016.

Corporate

Corporate costs represent overhead costs, such as executive management, public company, accounting, tax and professional services, human resources and treasury, that are not directly related to the operations of the segments. The decreased costs in 2016 are primarily attributed to continued cost reduction initiatives implemented during the year, including employee headcount reductions, across our corporate headquarters.

2015 versus 2014

Consolidated Results

Contract Revenue

Contract revenue decreased $685.4 million in 2015 primarily related a reduction in the overall volume of work driven by the negative impact of market conditions in the United States and Canada, and the complete reshaping of our Oil & Gas

Table of Contents

Index to Financial Statements

segment through the exit of our regional delivery model. The decrease is partially offset by growth in distribution MSA work in the Atlantic seaboard within our Utility T&D segment.

Contract Costs

Contract costs decreased $629.4 million in 2015 primarily related to the lower revenue levels previously discussed. Contract margin was 4.5 percent in 2015 compared to 6.1 percent in 2014. The lower margin year-over-year is also related to lower revenue levels, coupled with the inability to reduce indirect operating costs including the under-utilization of equipment.

Amortization of Intangibles

We recorded $9.9 million of intangible amortization expense in 2015 which is relatively comparable to 2014. The expense relates primarily to the amortization of customer relationship and trademark intangibles associated with our Utility T&D segment.

General and Administrative Expense

General and administrative expense decreased $31.3 million in 2015 as a result of cost reduction initiatives taken over the last year, including, but not limited to, employee headcount reductions across all segments and the closing of our regional delivery offices, which incurred significant overhead costs in prior years.

Gain on Sale of Subsidiary

We recorded a $12.8 million gain on sale of subsidiary in 2015 as a result of the sale of Bemis in the fourth quarter of 2015.

Other Charges

We recorded other charges of $18.5 million in 2015 primarily related to $7.7 million in equipment and facility lease abandonment charges, $6.7 million in losses on disposal of equipment and $2.9 million in employee severance and other termination costs. The year-over-year increase of $11.8 million is primarily related to increases in equipment and facility lease abandonment and losses on disposal of equipment partially offset by a decrease in legal and accounting costs associated with our investigation related to the deterioration of certain construction projects within our Oil & Gas segment and restatement of our Condensed Consolidated Financial Statements for the quarterly periods ended March 31, 2014 and June 30, 2014.

Operating Loss

Operating loss increased $23.7 million in 2015 primarily driven by a reduction of income mainly through a lower volume of work, the close-out of certain major projects, declining oil prices and market conditions, a decrease in productivity of available resources and the under-utilization of equipment. In addition, we recorded an increase in other charges of $11.8 million, as previously discussed, which increased our operating loss year-over-year. The increase in operating loss was partially offset by a $12.8 million gain on the sale of Bemis in 2015.

Non-Operating Expenses

Non-operating expenses increased $20.6 million in 2015 primarily due to $39.2 million in debt covenant suspension and extinguishment charges related to the fair value of outstanding stock issued during the first quarter of 2015, prepayment premiums in connection with early payments against our 2014 Term Loan Facility and the write-off of debt issuance costs. This increase was partially offset by a reduction of interest expense as a result of a lower Term Loan balance throughout 2015 in comparison to 2014.

Provision (Benefit) for Income Taxes

Provision for income taxes decreased $54.3 million to a benefit of $54.0 million in 2015. The change is primarily attributed to increased U.S. operating losses and a decrease in our valuation allowance year-over year coupled with a decrease in profitability in our Canada segment.

Table of Contents

Index to Financial Statements

Income (Loss) from Discontinued Operations, Net of Taxes

Income from discontinued operations increased $101.3 million primarily due to approximately $152.2 million in net gains on the sale of the balance of our Professional Services segment, as well as our UtilX and Premier subsidiaries. The increase was partially offset by an increase in the provision for income taxes related to these subsidiaries.

Segment Results

Oil & Gas Segment

Contract revenue decreased $529.0 million in 2015 primarily related to lower volumes of work in our mainline pipeline construction services as well as a reduction of revenue resulting from the complete exit from the regional delivery model.

Operating loss increased $7.4 million primarily related to lower volumes in our mainline pipeline construction services that resulted in a decrease in productivity of available resources, the under-utilization of equipment and other costs associated with the abandonment of certain equipment and facility leases and long-lived asset impairment charges. The increased operating loss was partially offset by a reduction of losses from two large pipeline construction projects in 2014 that did not recur in 2015 as well the 2015 exit from the regional delivery model which recorded significant operating losses in 2014.

Utility T&D Segment

Contract revenue increased $15.9 million in 2015 driven primarily by growth in distribution MSA work in the Atlantic seaboard. The increase in distribution work was partially offset by a decrease in transmission construction work year-over-year for a key customer.

Operating income decreased $12.9 million in 2015 also driven primarily by decreased productivity and utilization in our transmission construction services and distribution MSA work in Texas and the Atlantic seaboard, and other costs associated with the abandonment of certain equipment and facility leases and long-lived asset impairment charges.

Canada Segment

Contract revenue decreased $172.1 million in 2015 primarily attributed to a lower volume of work across the entire segment due to declining oil prices and challenging market conditions, as well as the close-out of major projects within our construction and maintenance and specialty project services.

Operating income decreased $33.7 million in 2015 primarily due to the completion of certain 2014 major projects that yielded higher margins in the construction and maintenance and specialty project service markets. The reduction in contract margin was partially offset by cost-cutting initiatives throughout the segment.

Corporate

Corporate costs represent overhead costs, such as executive management, public company, accounting, tax and professional services, human resources and treasury, that are not directly related to the operations of the segments. The decreased costs in 2015 are primarily attributed to cost reduction initiatives implemented during the year, including employee headcount reductions across our corporate headquarters.

Table of Contents

Index to Financial Statements

LIQUIDITY AND CAPITAL RESOURCES
Additional Sources and Uses of Capital
2014 Term Loan Facility
On December 15, 2014, we entered into a credit agreement (the "2014 Term Credit Agreement") among Willbros Group, Inc., certain of its subsidiaries, as guarantors, the lenders from time to time party thereto, JPMorgan Chase Bank, N.A., as administrative agent, and KKR Credit Advisors (US) LLC, as sole lead arranger and sole bookrunner. Cortland Capital Market Services LLC currently serves as administrative agent under the 2014 Term Credit Agreement.
The 2014 Term Credit Agreement provides for a five-year $270.0 million term loan facility (the "2014 Term Loan Facility"), which we drew in full on the effective date of the 2014 Term Credit Agreement. Willbros Group, Inc.is the borrower under the 2014 Term Credit Agreement, with all of its obligations guaranteed by its material U.S. subsidiaries, other than excluded subsidiaries. Obligations under the 2014 Term Loan Facility are secured by a first priority security interest in, among other things, the borrower's and the guarantors' equipment, subsidiary capital stock and intellectual property (the "2014 Term Loan Priority Collateral") and a second priority security interest in, among other things, the borrower's and the guarantors' inventory, accounts receivable, deposit accounts and similar assets.
The term loans bear interest at the "Adjusted Base Rate" plus an applicable margin of 8.75 percent, or the "Eurodollar Rate" plus an applicable margin of 9.75 percent. The interest rate in effect at December 31, 2016 and 2015 was 11 percent, comprised of an applicable margin of 9.75 percent for Eurodollar rate loans plus a LIBOR floor of 1.25 percent.
We made early payments of $3.1 million and $78.3 million against the 2014 Term Loan Facility during the year ended December 31, 2016 and 2015, respectively. As a result of these early payments, we recorded debt extinguishment charges of $0.1 million and $1.9 million, respectively, which consisted of prepayment fees of 2 percent and the write-off of debt issuance costs.
We are also required to pay a repayment fee on the maturity date of the 2014 Term Loan Facility equal to 5.0 percent of the aggregate principal amount outstanding on the maturity date. The repayment fee was contingent upon the sale of our Professional Services segment, which was completed on November 30, 2015. As a result, we are amortizing the repayment fee as a discount, from that date through the maturity date of the 2014 Term Loan Facility, using the effective interest method. The unamortized amount of the repayment fee is $3.6 million and $4.6 million at December 31, 2016 and 2015, respectively.
Since December 31, 2014, we have significantly reduced the balance under the 2014 Term Loan Facility. Under the provisions of the 2014 Term Credit Agreement, with respect to prepayments made from inception of the Term Loan through December 31, 2016, we have not been required to pay prepayment premiums in respect of the "make-whole amount." However, future prepayments or refinancing of the balance of the 2014 Term Loan Facility will, in most cases, require us to pay a prepayment premium equal to the make-whole amount. The make-whole amount is calculated as the present value of all interest payments that would have been made on the amount prepaid from the date of the prepayment to December 15, 2019 (or June 15, 2019 if the prepayment is made on or after June 15, 2018) at a rate per annum equal to the sum of 9.75 percent plus the greater of 1.25 percent and the Eurodollar rate in effect on the date of the repayment.
2013 ABL Credit Facility
On August 7, 2013, we entered into a five-year asset based senior revolving credit facility maturing on August 7, 2018 with Bank of America, N.A. serving as sole administrative agent for the lenders thereunder, collateral agent, issuing bank and swingline lender (as amended, the "2013 ABL Credit Facility").
The aggregate amount of commitments for the 2013 ABL Credit Facility is currently comprised of $80.0 million for the U.S. facility (the "U.S. Facility") and $20.0 million for the Canadian facility (the "Canadian Facility"). The 2013 ABL Credit Facility includes a sublimit of $80.0 million for letters of credit. The borrowers under the U.S. Facility consist of all of our U.S. operating subsidiaries with assets included in the borrowing base, and the U.S. Facility is guaranteed by Willbros Group, Inc. and its material U.S. subsidiaries, other than excluded subsidiaries. The borrower under the

Canadian Facility is Willbros Construction Services (Canada) LP, and the Canadian Facility is guaranteed by Willbros Group, Inc. and all of its material U.S. and Canadian subsidiaries, other than excluded subsidiaries.

Advances under the U.S. and Canadian Facilities are limited to a borrowing base consisting of the sum of the following, less applicable reserves:

- 85 percent of the value of "eligible accounts";
- the lesser of (i) 75 percent of the value of "eligible unbilled accounts" and (ii) $33.0 million minus the amount of eligible unbilled accounts then included in the borrowing base; and
- "eligible pledged cash".

We are also required, as part of our borrowing base calculation, to include a minimum of $25.0 million of the net proceeds of the sale of Bemis and the balance of the Professional Services segment as eligible pledged cash. We have included $40.0 million as eligible pledged cash in our December 31, 2016 borrowing base calculation, which is included in "Restricted cash" on the Consolidated Balance Sheet.

The aggregate amount of the borrowing base attributable to eligible accounts and eligible unbilled accounts constituting certain progress or milestone billings, retainage and other performance-based benchmarks may not exceed $23.0 million.

Advances in U.S. dollars bear interest at a rate equal to LIBOR or the U.S. or Canadian base rate plus an additional margin. Advances in Canadian dollars bear interest at the Bankers Acceptance ("BA") Equivalent Rate or the Canadian prime rate plus an additional margin.

The interest rate margins will be adjusted each quarter based on our fixed charge coverage ratio as of the end of the previous quarter as follows:

Fixed Charge Coverage Ratio	U.S. Base Rate, Canadian Base Rate and Canadian Prime Rate Loans	LIBOR Loans, BA Rate Loans and Letter of Credit Fees
>1.25 to 1	1.25%	2.25%
≤1.25 to 1 and >1.15 to 1	1.50%	2.50%
≤1.15 to 1	1.75%	2.75%

We will also pay an unused line fee on each of the U.S. and Canadian Facilities equal to 50 basis points when usage under the applicable facility during the preceding calendar month is less than 50 percent of the commitments or 37.5 basis points when usage under the applicable facility equals or exceeds 50 percent of the commitments for such period. With respect to the letters of credit, we will pay a letter of credit fee equal to the applicable LIBOR margin, shown in the table above, on all letters of credit and a 0.125 percent fronting fee to the issuing bank, in each case, payable monthly in arrears.

Obligations under the 2013 ABL Credit Facility are secured by a first priority security interest in the borrowers' and guarantors' accounts receivable, deposit accounts and similar assets and a second priority security interest in the 2014 Term Loan Priority Collateral.

Debt Covenants and Events of Default

A default under the 2014 Term Loan Facility and the 2013 ABL Credit Facility may be triggered by events such as a failure to comply with financial covenants or other covenants under the 2014 Term Loan Facility and the 2013 ABL Credit Facility, a failure to make payments when due under the 2014 Term Loan Facility and the 2013 ABL Credit Facility, a failure to make payments when due in respect of, or a failure to perform obligations relating to, debt obligations in excess of $15.0 million, a change of control of the Company and certain insolvency proceedings. A default under the 2013 ABL Credit Facility would permit the lenders to terminate their commitment to make cash advances or issue letters of credit, require the immediate repayment of any outstanding cash advances with interest and require the cash collateralization of outstanding letter of credit obligations. A default under the 2014 Term Loan Facility would permit the lenders to require immediate repayment of all principal, interest, fees and other amounts payable thereunder.

On March 31, 2015 (the "First Amendment Closing Date"), March 1, 2016, July 26, 2016 and March 3, 2017, we amended the 2014 Term Credit Agreement pursuant to a First Amendment (the "First Amendment"), a Third Amendment (the "Third Amendment"), a Fourth Amendment (the "Fourth Amendment") and a Fifth Amendment (the

"Fifth Amendment"). These amendments, among other things, suspend the calculation of the Maximum Total Leverage Ratio and Minimum Interest Coverage Ratio for the period from December 31, 2014 through June 30, 2017 (the “Covenant Suspension Periods”) so that any failure by us to comply with the Maximum Total Leverage Ratio or Minimum Interest Coverage Ratio during the Covenant Suspension Periods will not be deemed to result in a default or event of default.

Table of Contents

Index to Financial Statements

In consideration of the initial suspension of the calculation of the Maximum Total Leverage Ratio and Minimum Interest Coverage Ratio for the First Amendment, we issued 10.1 million shares, which was equivalent to 19.9 percent of the outstanding shares of common stock immediately prior to the First Amendment Closing Date, to KKR Lending Partners II L.P. and other entities indirectly advised by KKR Credit Advisers (US) LLC, which made them a related party. In connection with this transaction, we recorded debt covenant suspension charges of approximately $33.5 million which represented the fair value of the 10.1 million outstanding shares of common stock issued, multiplied by the closing stock price on the First Amendment Closing Date. In addition, we recorded debt extinguishment charges of approximately $0.8 million related to the write-off of debt issuance costs associated with our 2014 Term Credit Agreement.

In consideration for the Third and Fourth Amendment, we paid a total of $4.6 million in amendment fees in 2016. The amendment fees are recorded as direct deductions from the carrying amount of the 2014 Term Loan Facility in accordance with ASU 2015-03, which we retroactively adopted effective January 1, 2016. We are amortizing the amendment fees through the maturity date of the 2014 Term Loan Facility, using the effective interest method.

Due to operating losses driven, in part, by an overall lower volume of work and significant losses on a cross-country pipeline project in Canada, combined with our current forecast, we did not expect to be in compliance with the Maximum Total Leverage Ratio and Minimum Interest Coverage Ratio for the period from March 31, 2017 through December 31, 2017.

The Fifth Amendment suspends compliance with the Maximum Total Leverage Ratio and the Minimum Interest Coverage Ratio covenants through June 30, 2017. In addition, under the Fifth Amendment, the Maximum Total Leverage Ratio will be 5.50 to 1.00 as of September 30, 2017 and will decrease to 4.50 to 1.00 as of December 31, 2017 and 3.00 to 1.00 as of June 30, 2018, and thereafter. The Minimum Interest Coverage Ratio will be 1.60 to 1.00 as of September 30, 2017 and will increase to 2.00 to 1.00 as of December 31, 2017 and 2.75 to 1.00 as of June 30, 2018 and thereafter. The Fifth Amendment also provides that, for the four-quarter period ending September 30, 2017, Consolidated EBITDA shall be equal to the sum of Consolidated EBITDA for the quarterly periods ending June 30, 2017 and September 30, 2017 multiplied by two, and, for the four-quarter period ending December 31, 2017, Consolidated EBITDA shall be equal to the annualized sum of Consolidated EBITDA for the quarterly periods ending June 30, 2017, September 30, 2017 and December 31, 2017. The Fifth Amendment also permits us to retain the net proceeds of the sale of our tank services business for working capital purposes. In consideration for the Fifth Amendment, we paid an amendment fee of $2.3 million in the first quarter of 2017.

Concurrent with the effectiveness of the Fifth Amendment, coupled with our current forecasts, cash on hand, cash flow from operations and borrowing capacity under the 2013 ABL Credit Facility, we expect to meet our required financial covenants and have sufficient liquidity and capital resources to meet our obligations for at least the next twelve months; however, our results of operations will need to improve in 2017 in order to meet our forecasts and required financial covenants.

As of December 31, 2016, we did not have any outstanding revolver borrowings, and our unused availability was $40.3 million, net of outstanding letters of credit of $48.5 million and cash collateral of $40.0 million. If our unused availability under the 2013 ABL Credit Facility is less than the greater of (i) 15.0 percent of the revolving commitments or $15.0 million for five consecutive days, or (ii) 12.5 percent of the revolving commitments or $12.5 million at any time, or upon the occurrence of certain events of default under the 2013 ABL Credit Facility, we are subject to increased reporting requirements, the administrative agent shall have exclusive control over any deposit account, we will not have any right of access to, or withdrawal from, any deposit account, or any right to direct the disposition of funds in any deposit account, and amounts in any deposit account will be applied to reduce the outstanding amounts under the 2013 ABL Credit Facility. In addition, if our unused availability under the 2013 ABL Credit Facility is less than the amounts described above, we would be required to comply with a Minimum Fixed Charge Coverage Ratio of 1.15 to 1.00. Based on our current forecasts, we do not expect our unused availability under the 2013 ABL Credit Facility to be less than the amounts described above and therefore do not expect the Minimum Fixed Charge Coverage Ratio to be applicable over the next twelve months. If the Minimum Fixed Charge Coverage

Ratio were to become applicable, we would not expect to be in compliance over the next twelve months and would therefore be in default under our credit agreements.

The 2014 Term Credit Agreement and the 2013 ABL Credit Facility also includes customary representations and warranties and affirmative and negative covenants, including:

- the preparation of financial statements in accordance with GAAP;
- the identification of any events or circumstances, either individually or in the aggregate, that has had or could reasonably be expected to have a material adverse effect on the business, results of operations, properties or condition of the Company;
- limitations on liens and indebtedness;
- limitations on dividends and other payments in respect of capital stock;

Table of Contents

Index to Financial Statements

- limitations on capital expenditures; and
- limitations on modifications of the documentation of the 2013 ABL Credit Facility.

Cash Balances

As of December 31, 2016, we had cash and cash equivalents of $41.4 million. Our cash and cash equivalent balances held in the United States and foreign countries were $29.3 million and $12.1 million, respectively. In 2011, we discontinued our strategy of reinvesting non-U.S. earnings in foreign operations. Accordingly, we may repatriate foreign cash for corporate purposes without incurring additional tax expense.

Our working capital position for continuing operations decreased $32.8 million to $90.4 million at December 31, 2016 from $123.2 million at December 31, 2015, primarily attributable to a lower volume of work where reductions in accounts receivable and unbilled revenue exceeded reductions in accounts payable. We continue to take the necessary measures to improve liquidity including an increased focus on cash collections; however, our days sales outstanding was 66 days and 60 days at December 31, 2016 and 2015, respectively.

Cash Flows

Statements of cash flows for entities with international operations that use the local currency as the functional currency exclude the effects of the changes in foreign currency exchange rates that occur during any given period, as these are non-cash charges. As a result, changes reflected in certain accounts on the Consolidated Statements of Cash Flows may not reflect the changes in corresponding accounts on the Consolidated Balance Sheets.

Cash flows provided by (used in) continuing operations by type of activity were as follows for years ended December 31, 2016, 2015 and 2014 (in thousands):

	2016	2015	2014
Operating activities	$(11,992)	$46,009	$(21,837)
Investing activities	10,843	210,423	42,488
Financing activities	(8,615)	(177,266)	(2,678)
Effect of exchange rate changes	(29)	(3,437)	(1,057)
Net change in cash from all continuing activities	$(9,793)	$75,729	$16,916

Operating Activities

Cash flow from operations is primarily influenced by demand for our services, operating margins and the type of services we provide but can also be influenced by working capital needs such as the timing of collection of receivables and the settlement of payables and other obligations. Working capital needs are generally higher during the summer and fall months when the majority of our capital-intensive projects are executed. Conversely, working capital assets are typically converted to cash during the late fall and winter months.

Operating activities from continuing operations used net cash of $12.0 million in 2016 as compared to $46.0 million provided in 2015. The $58.0 million decrease in operating cash flow is primarily a result of the following:

- A decrease in cash flow provided by accounts receivable of $83.4 million primarily related to a decrease in customer cash collections resulting from a lower volume of work and a lower receivable balance during the period; and
- A decrease in cash flow provided by continuing operations, adjusted for any non-cash items, of $18.2 million primarily related to a reduction of net income year-over-year.

This was partially offset by:

- A decrease in cash flow used by accounts payable of $36.3 million attributed primarily to reduced vendor payments resulting from a lower volume of work during the period;
- A decrease in cash flow used by other assets and liabilities of $6.4 million attributed primarily to changes in business activity during the period.

Operating activities from continuing operations provided net cash of $46.0 million in 2015 as compared to $21.8 million used in 2014. The $67.8 million increase in operating cash flow is primarily a result of the following:

- An increase in cash flow provided by accounts receivable of $80.9 million related to an increase in customer cash collections during the period;
- An increase in cash flow provided by continuing operations of $14.7 million attributed primarily to a decrease in net loss from continuing operations, adjusted for any non-cash items; and
- A decrease in cash flow used by accrued income taxes of $8.0 million related to a decrease in cash paid for income taxes in 2015 and decreased profitability on our Canada segment in 2015 compared to 2014.

This was partially offset by:

- An increase in cash flow used by accounts payable of $14.5 million attributed primarily to an increase of cash payments to vendors during the period as we balance our receivable collections with our vendor payments;
- A decrease in cash flow provided by contracts in progress of $12.4 million related to decreased billings on projects during the period; and
- An increase in cash flow used by other assets and liabilities of $9.2 million primarily related to increased cash payments and decreased cash receipts during the period.

Investing Activities

Investing activities from continuing operations provided net cash of $10.8 million in 2016 as compared to $210.4 million in 2015. The $199.6 million decrease in investing cash flow is primarily the result of a 2016 decrease of $223.5 million in cash proceeds received from the sale of subsidiaries, as 2015 included the sale of the balance of our Professional Services segment, as well as the sale of our Premier, UtilX, Downstream Professional Services and Bemis subsidiaries. In addition, the decrease in investing cash flow is partly attributed to a reduction in cash proceeds from the sale of property, plant and equipment of $5.2 million and an increase in cash purchases of property, plant and equipment of $1.1 million. The overall decrease in investing cash flow was partially offset by a reduction in restricted cash deposits of $30.2 million in comparison to 2015.

Investing activities from continuing operations provided net cash of $210.4 million in 2015 as compared to $42.5 million in 2014. The $167.9 million increase in investing cash flow is primarily the result of an increase of $188.4 million in cash proceeds received from the sale of subsidiaries identified above in 2015 as compared to 2014 as well as a reduction in cash purchases of property, plant and equipment of $8.9 million and an increase in cash proceeds received from the sale of property, plant and equipment of $5.9 million. The overall increase in investing cash flow was partially offset by a $35.2 million deposit of restricted cash for collateralization of our outstanding letters of credit.

Financing Activities

Financing activities from continuing operations used net cash of $8.6 million in 2016 as compared to $177.3 million in 2015. The $168.7 million increase in financing cash flow is primarily related to a $171.5 million reduction in payments against our Term Loan in 2016. The overall increase in financing cash flow is partially offset by a $3.8 million increase in debt issuance costs in 2016, primarily composed of amendment fees paid in connection with the Third and Fourth Amendments.

Financing activities from continuing operations used net cash of $177.3 million in 2015 as compared to $2.7 million in 2014. The $174.6 million decrease in financing cash flow is primarily related to the fact that we did not issue a new Term Loan in 2015 as compared to $270.0 million in cash proceeds received in 2014 from our new Term Loan. The remaining decrease in financing cash flow is primarily related to a $24.6 million decrease in proceeds received from our revolver and notes payable. The overall decrease in financing cash flow was partially offset by a $74.7 million reduction in payments against our Term Loan in 2015 and a $44.1 million reduction in payments against our revolver and notes payable in 2015.

Discontinued Operations

Discontinued operations used net cash of $7.6 million in 2016 as compared to cash used of $40.2 million in 2015. The $32.6 million increase in discontinued operations cash flow is primarily due to a reduction in activity between periods

with respect to services previously associated with our Professional Services segment.
Discontinued operations used net cash of $40.2 million in 2015 as compared to cash used of $37.3 million in 2014. The $2.9 million decrease in discontinued cash flow is primarily due to the reduction of assets and liabilities year-over-year partially offset by our net gains on the sale of subsidiaries during 2015.

Interest Rate Risk

We are subject to interest rate risk on our debt and investment of cash and cash equivalents arising in the normal course of business and have previously entered into hedging arrangements to fix or otherwise limit the interest costs of our variable interest rate borrowings.

Termination of Interest Rate Swap Agreement

In August 2013, we entered into an interest rate swap agreement (the “Swap Agreement”) for a notional amount of $124.1 million to hedge changes in the variable rate interest expense on $124.1 million of our existing or replacement LIBOR indexed debt. The Swap Agreement was designated and qualified as a cash flow hedging instrument with the effective portion of the Swap Agreement's change in fair value recorded in Other Comprehensive Income (“OCI”). The Swap Agreement was highly effective in offsetting changes in interest expense, and no hedge ineffectiveness was recorded in the Consolidated Statements of Operations. The Swap Agreement was terminated in the third quarter of 2015 for $5.7 million, which was recorded in OCI at fair value. In the fourth quarter of 2015, we made an early payment of $93.6 million against our 2014 Term Loan Facility and therefore reclassified approximately $1.2 million of the fair value of the Swap Agreement from OCI to interest expense. In the first quarter of 2016, we made an early payment of $3.1 million against our 2014 Term Loan Facility and therefore reclassified approximately $0.1 million of the fair value of the Swap Agreement from OCI to interest expense. The remaining fair value of the Swap Agreement included in OCI will be reclassified to interest expense over the remaining life of the underlying debt with approximately $1.1 million expected to be recognized in the coming twelve months.

Capital Requirements

Our financing objective is to maintain financial flexibility to meet the material, equipment and personnel needs to support our project and MSA commitments. Our primary source of capital is our cash on hand, cash flow from operations and borrowing capacity under our ABL Credit Facility.

In 2016, capital expenditures by segment amounted to $0.3 million spent by Oil & Gas, $0.7 million spent by Canada, $2.5 million spent by Utility T&D, and $0.3 million spent by Corporate, for a total of $3.8 million. Our industry remains capital intensive, and we expect the need for capital expenditures to increase in the foreseeable future to meet the anticipated demand for our services. As such, we are focused on providing working capital for projects in process and those scheduled to begin in 2017, as well as funding our 2017 capital budget.

Given our cash on hand and our ABL availability, we believe that our financial results combined with our current liquidity and working capital management will provide sufficient funds to enable us to meet our future operating needs and our planned capital expenditures, as well as facilitate our ability to grow in the foreseeable future. Should we experience rapid growth, we may need to access capital markets to meet our working capital requirements.

Contractual Obligations

The following table (in thousands) details our future cash payments related to various contractual obligations as of December 31, 2016:

	Payments Due By Period				
	Total	Less than 1 year	1-3 years	4-5 years	More than 5 years
Principal amount, 2014 Term Loan Facility	$92,224	$—	$92,224	$—	$—
Repayment fee, 2014 Term Loan Facility	4,611	—	4,611	—	—
Interest obligations, 2014 Term Loan Facility	30,406	10,286	20,120	—	
Operating lease obligations	88,601	22,882	31,951	19,261	14,507
Total	$215,842	$33,168	$148,906	$19,261	$14,507

Off-Balance Sheet Arrangements and Commercial Commitments

From time to time, we enter into commercial commitments, usually in the form of commercial and standby letters of credit, surety bonds and financial guarantees. Contracts with our customers may require us to provide letters of credit or surety bonds with regard to our performance of contracted services. In such cases, the commitments can be called upon in the event of our failure to perform contracted services. Likewise, contracts may allow us to issue letters of credit or surety bonds in lieu of

Table of Contents

Index to Financial Statements

contract retention provisions, in which the client withholds a percentage of the contract value until project completion or expiration of a warranty period.

The letters of credit represent the maximum amount of payments we could be required to make if these letters of credit are drawn upon. Additionally, we issue surety bonds customarily required by commercial terms on construction projects. U.S. surety bonds represent the bond penalty amount of future payments we could be required to make if we fail to perform our obligations under such contracts. The surety bonds do not have a stated expiration date; rather, each is released when the contract is accepted by the owner. Our maximum exposure as it relates to the value of the bonds outstanding is lowered on each bonded project as the cost to complete is reduced.

As of December 31, 2016, no liability has been recognized for letters of credit or surety bonds.

A summary of our off-balance sheet commercial commitments as of December 31, 2016 is as follows (in thousands):

	Expiration Per Period			
	Total Commitment	Less than 1 year	1-2 Years	More Than 2 Years
Letters of credit:				
U.S. – financial	$45,473	$45,473	$ —	$ —
Canada – financial	3,000	3,000	—	—
Total letters of credit	48,473	48,473	—	—
U.S. surety bonds – primarily performance	122,133	118,022	4,108	3
Total commercial commitments	$170,606	$166,495	$ 4,108	$ 3

Certain operational risks are analyzed and categorized by our risk management department and insured against through major international insurance brokers under a comprehensive insurance program. We maintain worldwide master commercial insurance policies written through highly-rated insurers in types and amounts typically carried by companies engaged in the project management and construction industry. These policies cover our property, plant, equipment and cargo against normally-insurable risks. Other policies cover our workers and liabilities arising out of our operations. Primary and excess liability insurance limits are consistent with industry standards for the level of our operations and asset base. Risks of loss or damage to project works and materials are often insured on our behalf by our clients. On other projects, “builders all risk insurance” is purchased when deemed necessary. All insurance is purchased and maintained at the corporate level except for certain basic insurance that must be purchased locally to comply with insurance laws.

The insurance protection we maintain may not be sufficient or effective in all circumstances or against all hazards. An enforceable claim for which we are not fully insured could have a material adverse effect on our results of operations. In the future, our ability to maintain insurance, which may not be available or at rates we consider reasonable, may be affected by events over which we have no control.

We have been limited in our pursuit of certain larger projects due, in part, to our current balance sheet and bonding capacity. In addition to our other efforts to improve our financial position, we are exploring opportunities to partner with other contractors, which will enable us to work on these larger-scale projects.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Revenue

A number of factors relating to our business affect the recognition of contract revenue. We typically structure contracts as unit-price, time and materials, fixed-price or cost plus fixed fee. We believe that our operating results should be evaluated over a time horizon during which major contracts in progress are completed and change orders, extra work, variations in the scope of work, cost recoveries and other claims are negotiated and realized. Revenue from unit-price and time and materials contracts is recognized as earned.

Revenue for fixed-price and cost plus fixed fee contracts is recognized using the percentage-of-completion method. Under this method, estimated contract income and resulting revenue is generally accrued based on costs incurred to date as a percentage of total estimated costs, taking into consideration physical completion. Total estimated costs, and thus contract income, are impacted by changes in productivity, scheduling, unit cost of labor, subcontracts, materials and equipment. Additionally, external factors such as weather, client needs, client delays in providing permits and approvals, labor availability, governmental regulation and politics may affect the progress of a project's completion and thus the estimated amount and timing of revenue recognition. Certain fixed-price and cost plus fixed fee contracts include, or are amended to include, incentive bonus amounts, contingent on accomplishing a stated milestone. Revenue attributable to incentive bonus amounts is recognized when the risk and uncertainty surrounding the achievement of the milestone have been removed. We do not recognize income on a fixed-price contract until the contract is approximately five to ten percent complete, depending upon the nature of the contract. If a current estimate of total contract cost indicates a loss on a contract, the projected loss is recognized in full when determined.

We consider unapproved change orders to be contract variations on which we have customer approval for scope change, but not for price associated with that scope change. Costs associated with unapproved change orders are included in the estimated cost to complete the contracts and are expensed as incurred. We recognize revenue equal to cost incurred on unapproved change orders when realization of price approval is probable and the amount is estimable. Revenue recognized on unapproved change orders is included in "Contract costs and recognized income not yet billed" on the Consolidated Balance Sheets. Revenue recognized on unapproved change orders is subject to adjustment in subsequent periods to reflect the changes in estimates or final agreements with customers.

We consider claims to be amounts that we seek or will seek to collect from customers or others for customer-caused changes in contract specifications or design, or other customer-related causes of unanticipated additional contract costs on which there is no agreement with customers on both scope and price changes. Revenue from claims is recognized when agreement is reached with customers as to the value of the claims, which in some instances may not occur until after completion of work under the contract. Costs associated with claims are included in the estimated costs to complete the contracts and are expensed when incurred.

Our operating loss for the years ended December 31, 2016 and 2015 was positively impacted by approximately $7.6 million and $5.6 million, as a result of changes in contract estimates related to projects that were in progress at December 31, 2015 and 2014, respectively. These changes in contract estimates are primarily attributed to, among other things, a reduction in estimated costs for certain individually immaterial projects as they progress to completion; the realization of change orders related to work previously performed; and other changes in events, facts and circumstances during the period in which the estimate was revised.

Valuation of Intangible Assets

Our intangible assets with finite lives include customer relationships and trade names. The value of customer relationships is estimated using the income approach, specifically the excess earnings method. The excess earnings method consists of discounting to present value the projected cash flows attributable to the customer relationships, with consideration given to customer contract renewals, the importance or lack thereof of existing customer relationships to our business plan, income taxes and required rates of return. The value of trade names is estimated using the relief-from-royalty method of the income approach. This approach is based on the assumption that in lieu of ownership, a company would be willing to pay a royalty in order to exploit the related benefits of this intangible asset.

We amortize intangible assets based upon the estimated consumption of the economic benefits of each intangible asset or on a straight-line basis if the pattern of economic benefits consumption cannot otherwise be reliably estimated. Intangible assets subject to amortization are reviewed for impairment and are tested for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For instance, a significant change in business climate or a loss of a significant customer, among other things, may trigger the need for an impairment test of intangible assets. An impairment loss is recognized if the carrying amount of an intangible asset is not recoverable and its carrying amount exceeds its fair value. For additional information, see Note 6 – Intangible Assets in Item 8 of this Form 10-K for more information.

Valuation of Long-Lived Assets

Long-lived assets are evaluated for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If an evaluation is required, the estimated future undiscounted cash flows associated with the asset are compared to the asset’s carrying amount to determine if an impairment of such asset is necessary. This evaluation, as well as an evaluation of our other intangible assets, requires us to make long-term forecasts of the future revenues and costs related to the assets subject to review. Forecasts require assumptions about demand for our services and future market conditions. Estimating future cash flows requires significant judgment, and our projections may vary from the cash flows eventually realized. Future events and unanticipated changes to assumptions could require a provision for impairment in a future period. The effect of any impairment would be to expense the difference between the fair value (less selling costs) of such asset and its carrying value. Such expense would be reflected in earnings.

Table of Contents

Index to Financial Statements

Insurance

We are insured for workers' compensation, employer's liability, auto liability and general liability claims, subject to a deductible of $1.0 million per occurrence. Additionally, our largest non-union employee-related health care benefit plan is subject to a deductible of $0.3 million per claimant per year.

Losses are accrued based upon our estimates of the ultimate liability for claims incurred (including an estimate of claims incurred but not reported), with assistance from third-party actuaries. For these claims, to the extent we have insurance coverage above the deductible amounts, we have recorded a receivable reflected in "Other long-term assets" in our Consolidated Balance Sheets. These insurance liabilities are difficult to assess and estimate due to unknown factors, including the severity of an injury, the determination of our liability in proportion to other parties and the number of incidents not reported. The accruals are based upon known facts and historical trends.

Income Taxes

The Financial Accounting Standards Board's standard for income taxes takes into account the differences between financial statement treatment and tax treatment of certain transactions. Deferred tax assets and liabilities are recognized for the expected future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of a change in tax rates is recognized as income or expense in the period that includes the enactment date. We evaluate the realizability of our deferred tax assets in the determination of our valuation allowance and adjust the amount of such allowance, if necessary. The factors used to assess the likelihood of realization are our forecast of future taxable income and available tax planning strategies that could be implemented to realize the net deferred tax assets. Failure to achieve forecasted taxable income in the applicable taxing jurisdictions could affect the ultimate realization of deferred tax assets and could result in an increase in our effective tax rate on future earnings. The provision or benefit for income taxes and the annual effective tax rate are impacted by income taxes in certain countries being computed based on a deemed profit rather than on taxable income and tax holidays on certain international projects.

We record reserves for expected tax consequences of uncertain tax positions assuming that the taxing authorities have full knowledge of the position and all relevant facts. The income tax laws and regulations are voluminous and are often ambiguous. As such, we are required to make many subjective assumptions and judgments regarding our tax positions that could materially affect amounts recognized in our future Consolidated Balance Sheets and Consolidated Statements of Operations.

RECENT ACCOUNTING PRONOUNCEMENTS

For a discussion of recent accounting pronouncements, see Note 1 – Summary of Significant Accounting Policies in Item 8 of this Form 10-K for more information.

EFFECTS OF INFLATION AND CHANGING PRICES

Our operations are affected by increases in prices, whether caused by inflation, government mandates or other economic factors, in the countries in which we operate. We attempt to recover anticipated increases in the cost of labor, equipment, fuel and materials through price escalation provisions in certain major contracts or by considering the estimated effect of such increases when bidding or pricing new work.

Table of Contents

Index to Financial Statements

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

Interest Rate Risk

We are subject to interest rate risk on our debt and investment of cash and cash equivalents arising in the normal course of business and have entered into hedging arrangements to fix or otherwise limit the interest costs of our variable interest rate borrowings.

Under our 2014 Term Loan Facility, a 100 basis point increase in interest rates would increase interest expense by $0.9 million. Conversely, a 100 basis point decrease in interest rates would decrease interest expense by $0.9 million.

Termination of Interest Rate Swap Agreement

In August 2013, we entered into an interest rate swap agreement (the “Swap Agreement”) for a notional amount of $124.1 million to hedge changes in the variable rate interest expense on $124.1 million of our existing or replacement LIBOR indexed debt. The Swap Agreement was designated and qualified as a cash flow hedging instrument with the effective portion of the Swap Agreement's change in fair value recorded in OCI. The Swap Agreement was highly effective in offsetting changes in interest expense, and no hedge ineffectiveness was recorded in the Consolidated Statements of Operations. The Swap Agreement was terminated in the third quarter of 2015 for $5.7 million, which was recorded in OCI at fair value. In the fourth quarter of 2015, we made an early payment of $93.6 million against our 2014 Term Loan Facility and therefore reclassified approximately $1.2 million of the fair value of the Swap Agreement from OCI to interest expense. In the first quarter of 2016, we made an early payment of $3.1 million against our 2014 Term Loan Facility and therefore reclassified approximately $0.1 million of the fair value of the Swap Agreement from OCI to interest expense. The remaining fair value of the Swap Agreement included in OCI will be reclassified to interest expense over the remaining life of the underlying debt with approximately $1.1 million expected to be recognized in the coming twelve months.

Foreign Currency Risk

We are exposed to market risk associated with changes in non-U.S. currency exchange rates. To mitigate our risk, we may borrow Canadian dollars under our Canadian Facility to settle U.S. dollar account balances.

We attempt to negotiate contracts which provide for payment in U.S. dollars, but we may be required to take all or a portion of payment under a contract in another currency. To mitigate non-U.S. currency exchange risk, we seek to match anticipated non-U.S. currency revenue with expense in the same currency whenever possible. To the extent we are unable to match non-U.S. currency revenue with expense in the same currency, we may use forward contracts, options or other common hedging techniques in the same non-U.S. currencies. We had no forward contracts or options at December 31, 2016 and 2015.

Other

The carrying amounts for cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities shown in the Consolidated Balance Sheets approximate fair value at December 31, 2016 due to the generally short maturities of these items. At December 31, 2016, we invested primarily in short-term dollar denominated bank deposits. We have the ability and expect to hold our investments to maturity.

Table of Contents

Index to Financial Statements

Item 8. Financial Statements and Supplementary Data
Index to Consolidated Financial Statements

	Page
Consolidated Financial Statements of Willbros Group, Inc. and Subsidiaries:	
Report of Independent Registered Public Accounting Firm	49
Consolidated Balance Sheets as of December 31, 2016 and 2015	50
Consolidated Statements of Operations for the years ended December 31, 2016, 2015 and 2014	51
Consolidated Statements of Comprehensive Income (Loss) for the years ended December 31, 2016, 2015 and 2014	52
Consolidated Statements of Stockholders' Equity for the years ended December 31, 2016, 2015 and 2014	53
Consolidated Statements of Cash Flows for the years ended December 31, 2016, 2015 and 2014	54
Notes to Consolidated Financial Statements	56
Financial Statement Schedule:	
Schedule II – Consolidated Valuation and Qualifying Accounts	104

Table of Contents

Index to Financial Statements

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
To the Board of Directors and Stockholders of Willbros Group, Inc.

In our opinion, the consolidated financial statements listed in the accompanying index present fairly, in all material respects, the financial position of Willbros Group, Inc. and its subsidiaries at December 31, 2016 and 2015, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2016 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the accompanying index presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2016, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on these financial statements, on the financial statement schedule, and on the Company's internal control over financial reporting based on our integrated 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included 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, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.
/s/ PricewaterhouseCoopers LLP
Houston, Texas
March 7, 2017

Table of Contents

Index to Financial Statements

WILLBROS GROUP, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share amounts)

	December 31,	
	2016	2015
ASSETS		
Current assets:		
Cash and cash equivalents	$41,420	$58,832
Accounts receivable, net	112,037	149,753
Contract cost and recognized income not yet billed	11,938	20,451
Prepaid expenses and other current assets	18,416	19,610
Parts and supplies inventories	800	1,383
Assets held for sale	9,050	3,774
Assets associated with discontinued operations	505	1,247
Total current assets	194,166	255,050
Property, plant and equipment, net	38,123	50,352
Intangible assets, net	76,848	86,862
Restricted cash	40,206	35,212
Deferred income taxes	315	—
Other long-term assets	13,378	14,101
Total assets	$363,036	