

Willbros Group, Inc.\NEW\
Form 10-K
March 31, 2015
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2014

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
(State or other jurisdiction of
incorporation or organization)
4400 Post Oak Parkway
Suite 1000
Houston, TX 77027
Telephone No.: 713-403-8000

30-0513080
(I.R.S. Employer
Identification Number)

(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

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

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 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 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.

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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	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller Reporting Company	<input type="checkbox"/>

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

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, 2014) was \$511,882,528.

The number of shares of the Registrant’s Common Stock outstanding at March 25, 2015 was 50,880,529.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant’s 2014 Proxy Statement for the Annual Meeting of Stockholders to be held on May 20, 2015 are incorporated by reference into Part III of this Form 10-K.

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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, refinery, petrochemical 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, refinery, petrochemical and power industries;
- the demand for energy moderating or diminishing;
- 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;
- failure to obtain the timely award of one or more projects;
- inability to comply with the financial and other covenants in, or obtain waivers under our credit facilities;
- inability to dispose of businesses and assets in a timely manner at reasonable valuations;
- increased capacity and decreased demand for our services in the more competitive industry segments that we serve;
- reduced creditworthiness of our customer base and higher risk of non-payment of receivables;
- 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 we fail to remediate the material weaknesses in our internal control over financial reporting or identify other material weaknesses in the future, which may adversely affect the accuracy and timing of our financial reporting;
- the impact of any investigations or litigation, including class actions, derivative actions and administrative proceedings, 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;
- 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;
- 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 of projects, in whole or in part, for any reason;

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• 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 obtain and maintain legal registration status in one or more foreign countries in which we are seeking to do business;

• 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;

• 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;

• 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.

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PART I

Items 1. and 2. Business and Properties

General

Willbros is a specialty energy infrastructure contractor serving the oil, gas, refining, petrochemical and power industries. Our offerings include engineering, procurement and construction (either individually or as an integrated “EPC” service offering), turnarounds, maintenance, facilities development and operations services. We believe our long experience and expertise in the planning and execution of projects differentiates us from our competitors and provides us with competitive advantages in the markets we serve. Our engineering and project management capabilities position us for early involvement in projects and support our EPC service offering. 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 the .PDF format. A link to Adobe Systems Incorporated’s website is provided to assist with obtaining this software.

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 intend to 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 and public conference calls and webcasts.

Business Segments

Willbros has four operating segments: Oil & Gas, Professional Services, Utility T&D and Canada. Our segments are comprised of strategic businesses that are defined by the industries or geographic regions they serve. Each is managed as an operation with well established strategic directions and performance requirements.

Management evaluates the performance of each operating segment based on operating income, strategic execution, cash management and various other measures. To support our segments we have a focused corporate operation led by our executive management team, which, in addition to oversight and leadership, provides general, administrative and financing functions for the organization. The costs to provide these services are allocated, as are certain other corporate costs, to the four operating segments.

Through our business segments we have been employed by more than 400 clients to carry out work in over 60 countries. These segments operated primarily in the United States and Canada during 2014 and 2013 and the United States, Canada and Oman during 2012. We exited Oman in January 2013. Within the past 10 years, we have worked in Asia, Europe, North America, the Middle East, Africa, and South America. Private sector clients have historically accounted for the majority of our revenue. Governmental entities and agencies have accounted for the remainder. One of our customers in our Utility T&D and Professional Services segments, Oncor, was responsible for 8.6 percent, 12.3 percent and 17.2 percent of our consolidated revenue for 2014, 2013 and 2012, respectively. Another one of our customers in both our Oil & Gas and Professional Services segments, Enterprise Products Partners L.P., was

responsible for 8.5 percent, 11.1 percent and 10.5 percent of our consolidated revenue in 2014, 2013 and 2012, respectively.

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See Note 13 – Segment Information in Item 8 of this Form 10-K for more information on our operating segments and our contract revenue by geographic region.

Oil & Gas

We provide construction, project management, maintenance and lifecycle extension services to the upstream, midstream and downstream markets. In the upstream and midstream markets, our history of executing large and complex pipeline projects has positioned us to participate in pipeline infrastructure markets. In addition to the smaller gathering and processing systems needed to support the extensive oil and gas drilling activity in the United States, we also construct pipelines to connect oil and gas resources to end-markets. In the downstream market, we provide integrated, full-service specialty construction, turnaround, repair and maintenance services to major integrated oil companies, independent refineries, product terminals and petrochemical companies. We provide these services primarily in the United States; however, our experience includes 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, schedule certainty, and local presence at a competitive price.

Pipeline Construction

We are applying our core strengths of engineering, construction and maintenance of oil and gas infrastructure to provide multiple services needed to support the transportation and storage of hydrocarbons including gathering, production and processing 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 continues 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 processing facilities, 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.

Integrity Construction

We provide full-service integrity management program offerings including program development, data services, risk analysis, corrosion evaluation, integrity engineering and integrity construction services.

Fabrication

Fabrication services can be an efficient means of delivering engineered, process or production equipment with schedule certainty and quality. We provide fabrication services and are capable of fabricating such diverse deliverables as process modules, station headers, valve stations and flare pipes and tips. We currently operate a fabrication facility in Tulsa, Oklahoma which supports our efforts in the oil and gas markets.

Downstream Construction, Maintenance and Turnaround Services

When performing a construction and maintenance project as part of a refinery turnaround, detailed planning and execution is imperative in order to minimize the duration of the outage, which can cost owners millions of dollars in down time. We have extensive experience in the planning, scheduling and execution of refinery projects and can address the majority of process unit needs. Our downstream services include furnace re-tube and revamp projects, stainless and alloy welding services and heavy rigging and equipment setting. The skills and experience gained from our turnaround performance is complementary to our construction services for new units, expansions and revamp projects.

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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 aboveground storage tanks. We provide these services on a stand-alone basis or in combination.

Professional Services

We provide engineering, procurement, EPC, project management, integrity and field services to the oil and gas and electric utility industries. Our history of managing and executing complex projects has positioned us to be a full service provider in the emerging integrity market.

Engineering Services

We specialize in providing engineering services to assist clients in designing, engineering and constructing or expanding pipeline systems, compressor stations, pump stations, fuel storage facilities and field gathering and production facilities. We have developed expertise in addressing the unique engineering challenges involved with pipeline systems and associated facilities. Our expertise extends to the engineering of a wide range of project peripherals, including various types of support buildings and utility systems, power generation and electrical transmission, communications systems, fire protection, water and sewage treatment, water transmission, roads and railroad sidings.

We also provide project management, engineering and material procurement services to the refining industry and government agencies, including chemical/process, mechanical, civil, structural, electrical instrumentation/controls and environmental engineering.

Integrity Services

In addition to capital projects, we also offer our considerable infrastructure construction expertise to our clients through our integrity offerings including program management, engineering and field services. We provide full-service integrity management program offerings including program development, data services, risk analysis, corrosion evaluation, integrity engineering and integrity construction services.

Integra Link™

We partnered with Google to provide a cloud-based pipeline lifecycle integrity management solution. Integra Link™ utilizes Google’s geospatial technology platform to transform the way oil and gas pipeline companies visualize and utilize their data and information. Integra Link™ is jointly marketed by Willbros and Google and we believe the system has the potential to become the standard in pipeline integrity management.

EPC Services

EPC projects can often yield profit margins on the engineering and construction components consistent with stand-alone contracts for similar services. The benefits from performing EPC projects include the incremental income associated with project management and the income associated with the procurement component of the contract. Both of these income generating activities are relatively low risk compared with the construction aspect of the project. In performing EPC contracts, we participate in numerous aspects of a project and are, therefore, able to improve the efficiency of the design, permitting, procurement and construction sequence for a project in connection with making engineering and constructability decisions. EPC contracts enable us to deploy our resources more efficiently and capture those efficiencies in the form of improved margins on the engineering and construction components of these projects, at the same time optimizing the overall project solution and execution for the client. While EPC contracts carry lower margins for the procurement component, the increased control over all aspects of the project, coupled with competitive market margins for the engineering and construction portions, makes these types of contracts attractive to us and, we believe, to our customers.

The refining and petrochemical industries strive to minimize costs through operating efficiencies and hiring experienced process engineering as needed. It is often more cost effective to engage a contractor to oversee and manage the planning, engineering, procurement, installation and commissioning of new capacity additions, revamps or new process units to support

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the need to meet new refining or manufacturing specifications. Our experience and capability covers the breadth of all process units in both refineries and petrochemical plants, allowing us to offer clients a single-source solution for expansion and revamp programs. We seek to do this in the most efficient, competitive manner.

Contact Voltage, Gas Leak Detection and Utility-line Locating

Our crews test for contact voltage and gas leaks in areas where these problems are suspected. Contact voltage typically arises through a failure of the grounding of electrical equipment and may result in injury to members of the public. Gas leaks often occur as a result of the deterioration of gas distribution infrastructure.

Our crews also locate underground electric power, hydrocarbon, telecom, water, cable and sewer utilities prior to excavation. Our locating services often require a physical visit to the location at which our employees will locate and mark utility infrastructure. In other cases we are able to provide the excavating party a clearance to dig without having to physically visit the location.

Collectively, these service offerings make up our Premier Utility Services, LLC business unit ("Premier"). On March 31, 2015, we sold all of our membership units in Premier to USIC Locating Services, LLC. See Note 18 - Subsequent Events in Item 8 of this Form 10-K for more information.

Cable Restoration and Assessment

In the U.S. and internationally, as part of UtilX Corporation ("UtilX"), we offer services to utilities and industrial companies for the restoration of electrical power cables and the condition assessment of electrical cable systems. On March 17, 2015, we sold all of our equity interests of UtilX to Novinium, Inc. See Note 18 – Subsequent Events 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, including comprehensive maintenance and construction, repair and restoration of utility infrastructure.

Electric Power T&D Services

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

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, calibration and testing of electric power substations and components. We subcontract related electric power design and engineering work if required.

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, residential and 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

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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 Hurricane Katrina in Louisiana, Hurricane Ike in Texas and Superstorm Sandy in 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, from the maintenance and construction of large diameter transmission pipelines through the installation of residential natural gas service.

Canada

In 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, 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. These offices are locally staffed with dedicated and experienced professionals, ideally suited to serve our clients in Western Canada particularly in the oil sands. 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 in the field. 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

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 the HTTL, but also the ongoing rotation and maintenance of these lines as well. Our scope also includes other pipeline projects both above and below ground ranging in size 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. 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. Our expertise includes piping tie-ins, gathering systems, looping systems 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 repairs. 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.

Electrical and Instrumentation Services

Our electrical and instrumentation operations 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.

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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 allow 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.

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.

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 fabrication operation specializing in three main categories: 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; pipe spool and other general fabrication of expansion barrels, block valves, traps and other piping related components including double jointing and handling; and fabrication of modules of various sizes and designs, typically pipe rack, equipment, process and pump house modules.

Our Vision

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

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

• Strengthening our focus on project execution to achieve our corporate motto on every project: "A Good Job... Done Right";

• Increasing professional services (project/program management, engineering, design, procurement and logistics) capabilities to minimize cyclicity and risk associated with large capital projects in favor of recurring service work;

• 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.

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 catalyst 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 wellbeing and development; maintain an atmosphere of trust, empowerment and teamwork; ensure the best people are in the right position;

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- 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 these values will result in a high-performance organization which can differentiate itself and compete effectively, providing incremental value to our customers, our employees and all our stakeholders.

Our Strategy

We work diligently to apply these 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. We believe our strategy is appropriate for us to achieve valuation levels equal to or better than our peers. Tactically, our execution skills, particularly in our Oil & Gas segment, have failed to achieve the desired results on several projects which had significant losses. We have addressed these management and execution failures by revamping the leadership and key operating positions in our Oil & Gas segment and staffing with experienced, capable, and proven technical and management staff at all levels in the organization. Additionally, we will only undertake work commitments which align with the skills, experience and availability of proven project execution teams. We have also recognized that the structure of this segment was too complex to manage effectively and have reduced the number of business units and geographic locations under segment management responsibility. Key elements of our strategy remain 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 fundamentals.

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.

Leverage Core Service Expertise into Additional Full EPC Contracts

Our core expertise and service offerings allow us to provide our customers with a single source EPC solution which creates greater efficiencies and benefits both our customers and our company. We believe our Professional Services segment's EPC service offering, which is focused on small to mid-sized capital projects, is relatively unique in our respective markets, providing us with a competitive advantage in providing EPC services. In performing integrated EPC contracts, we often perform front-end engineering and design services while establishing ourselves as overall project managers from the earliest stages of project inception and are, therefore, able to improve the efficiency of the design, permitting, procurement and construction sequence for a project in connection with making engineering decisions. Our customers benefit from a more seamless execution; while for us, these contracts often yield more consistent profit margins on the engineering and construction components of the contract compared to stand-alone contracts for similar services. Additionally, this contract structure allows us to deploy our resources more efficiently and capture the engineering, procurement and construction components of these projects.

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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.

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 against national and regional firms against which we may not be price competitive. We have different competitors in different markets, including those listed below.

Oil & Gas Segment – Quanta Services, MasTec, Primoris, Associated Pipeline Contractors, Sheehan Pipeline Construction, U.S. Pipeline, Welded Construction, Henkels & McCoy, Michels Corporation, Flint Energy Services, AltairStrickland, JV Industrial Companies, Plant Performance Services, KBR, Inc., Chicago Bridge & Iron and Matrix Service. In addition, there are a number of regional competitors such as Sunland, Dyess and Jomax.

Professional Services Segment – CH2M Hill, Gulf Interstate, Jacobs Engineering, Universal Pegasus, Trigon, Mustang Engineering and ENGlobal.

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 – Michels Corporation, North American Energy Services, Flint Energy Services, Ledcor, KBR, OJ Pipelines and Quanta Services.

Contract Provisions and Subcontracting

Most of our revenue is derived from engineering, construction and EPC contracts. The majority of our contracts 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
- master service agreements ("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.

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We act as the primary contractor on a majority of the construction projects we undertake. In our capacity as the primary contractor and 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 primary 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 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 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.

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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.

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.

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.

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Employees

At December 31, 2014, we directly employed a multi-national work force of 7,959 persons, of which approximately 97.9 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 8,994 over the past five years. The minimum employment during that period was 7,260 and the maximum was 12,054. At December 31, 2014, approximately 13.1 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 work countries as of December 31, 2014:

	Number of Employees	Percent	
U.S. Oil & Gas	1,854	23.3	%
U.S. Professional Services	2,495	31.4	%
U.S. Utility T&D	2,116	26.6	%
U.S. Administration	154	1.9	%
Canada	1,332	16.7	%
Professional Services International	8	0.1	%
Total	7,959	100.0	%
Equipment			

We own, lease and maintain a fleet of generally standardized construction, transportation and support equipment. In 2014, 2013 and 2012, expenditures for capital equipment were \$15.2 million, \$16.0 million and \$10.6 million, respectively. At December 31, 2014, the net book value of our property, plant and equipment was approximately \$94.4 million.

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.

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Facilities

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

Principal Facilities

Business	Location	Description	Ownership
U.S. Oil & Gas	Houston, TX	Office space	Lease
	Splendora, TX	Office and general warehouse	Own
	Channelview, TX	Office and general warehouse	Lease
	Odessa, TX	Office and general warehouse	Lease
	Tulsa, OK	Manufacturing, general warehousing and office space	Own
	Hobbs, NM	Office and general warehouse	Lease
	Carlsbad, NM	Office and general warehouse	Lease
	Gillette, WY	Office and general warehouse	Lease
	Casper, WY	Office and general warehouse	Lease
	Geismer, LA	Office and general warehouse	Lease
	Greeley, CO	Office and general warehouse	Lease
	Watford City, ND	Office and general warehouse	Lease
	Pittsburgh, PA	Office and general warehouse	Lease
	Geismer, LA	Office and general warehouse	Lease
	U.S. Utility T&D	McKinney, TX	Office and general warehouse	Lease
Ft. Worth, TX		Office space	Lease
Jacksonville, VT		Office and general warehouse	Lease
White Marsh, MD		Office and general warehouse	Lease
Richmond, VA		Office and general warehouse	Lease
Professional Services	Houston, TX	Office space	Lease
	Tulsa, OK	Office space	Lease
	Kansas City, MO	Office space	Lease
	Hauppauge, NY*	Office space	Lease
	Englewood, CO	Office space	Lease
	Baton Rouge, LA	Office space	Lease
	Kent, WA*	Office and general warehouse	Lease
	Buckeburg, Germany*	Office and general warehouse	Lease
Canada	Ft. McMurray, Alberta, Canada	Office, repair shop and lay down area	Lease
	Ft. McMurray, Alberta, Canada	Office space	Lease
	Edmonton, Alberta, Canada	Office space and fabrication facility	Lease
	Acheson, Alberta, Canada	Office space and equipment yard	Lease
	Edmonton, Alberta, Canada	Office space	Lease
	Edmonton, Alberta, Canada	Office and general warehouse	Lease
	Calgary, Alberta, Canada	Office space	Lease
	Calgary, Alberta, Canada	Electrical and instrumentation facility	Lease
Corporate Headquarters	Houston, TX	Office space	Lease

*Sold or transferred as a result of asset sales subsequent to December 31, 2014.

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 \$16.3 million in 2014, \$15.0 million in 2013 and \$12.2 million in 2012.

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Insurance and Bonding

Operational risks are analyzed and categorized by our risk management department and are insured through major international insurance brokers under a comprehensive insurance program, which includes commercial insurance policies, consisting of the types and amounts typically carried by companies engaged in the worldwide engineering and construction industry. We maintain worldwide master policies written chiefly through highly-rated insurers. These policies cover our property, plant, equipment and cargo against all 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 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. Substantially all insurance is purchased and maintained at the corporate level, with the exceptions being certain basic insurance, which must be purchased in some countries in order to comply with local insurance laws. 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 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, such as those that occurred on September 11, 2001. In 2014, we were not constrained by our ability to bond new projects. If we have difficulty obtaining surety bonds, our ability to operate may be significantly restricted.

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.

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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, refining, petrochemical and electric power companies on infrastructure.

Our revenue and cash flow are primarily dependent upon major engineering and construction projects. The availability of these types of projects is dependent upon the economic condition of the oil and gas, refinery, petrochemical and electric power industries, and specifically, the level of capital expenditures of oil and gas, refinery, petrochemical 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, gas and electric power prices, as well as refining margins;
- the demand for gasoline and electricity;
- the abilities of oil and gas, refining, petrochemical 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.

In particular, a large number of exploration and production companies have recently announced reductions in their capital expenditure budgets due to the recent decline in crude oil prices. Additional delays or cancellations of projects are likely to occur especially in those areas where the costs of production may exceed current commodity prices.

We face a risk of non-compliance with certain covenants in our credit agreement.

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, we amended our 2014 Term Credit Agreement pursuant to a First Amendment (the "First Amendment"). The First Amendment, among other things, suspends the calculation of the Maximum Total Leverage Ratio and Minimum Interest Coverage Ratio for the period from December 31, 2014 through March 31, 2016 (the "Covenant Suspension Period") and provides that any failure by us to comply with the Maximum Total Leverage Ratio or Minimum Interest Coverage Ratio covenants during the Covenant Suspension Period shall not be deemed to result in a default or event of default. Prior to obtaining the First Amendment, we did not expect to remain in compliance with the Maximum Total Leverage Ratio and Minimum Interest Coverage Ratio for the period from March 31, 2015 through March 31, 2016, which would have raised substantial doubt about our ability to continue as a going concern.

Although the First Amendment alleviated the substantial doubt about our ability to continue as a going concern resulting from forecasted covenant violations, 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 Period or that we would be successful in obtaining additional waivers or amendments to these covenants should they become necessary. The Maximum Total Leverage Ratio decreases to 3.00 to 1.00 as of June 30, 2016, and 2.75 to 1.00 as of September 30, 2016 and thereafter. The Minimum Interest Coverage Ratio increases to 3.00 to 1.00 as of June 30, 2016, and 3.50 to 1.00 as of September 30, 2016 and thereafter. Our Maximum Total Leverage Ratio at December 31, 2014 was 4.27 and our Minimum Interest Coverage Ratio was 2.33 on such date. If our results of operations do not improve, we may

not have sufficient cash on hand to prepay sufficient credit agreement indebtedness in order to avoid a financial covenant default following the completion of the Covenant Suspension Period and fund our working capital requirements.

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In order to ensure future compliance with our financial covenants, we may elect to prepay our credit agreement indebtedness by accessing capital markets, through proceeds from the sale of non-strategic assets, with cash on hand or through the reduction of overhead. In March 2015, we completed two asset sales, which are described in Note 18 - Subsequent Events in Item 8 of this Form 10-K. However, we can provide no assurance that we will be successful in disposing of additional non-strategic assets, accessing capital markets on terms we consider favorable or reducing costs in amounts sufficient to comply with our financial covenants.

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 \$22.5 million for five consecutive days, or (ii) 12.5 percent of the revolving commitments or \$18.8 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 \$87.6 million at December 31, 2014. 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 Ratio covenant over the next 12 months. However, if the Minimum Fixed Charge Ratio were to become applicable, we would not expect to be in compliance with this covenant.

A default under our credit facilities 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. 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.

We have material weaknesses in our internal control over financial reporting and 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.

As reported in our Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2014, we identified a material weakness in our internal control over financial reporting over the completeness and accuracy of estimated total revenues, costs and profits at completion for construction contracts accounted for under the percentage-of-completion method of accounting within our Oil & Gas segment. This material weakness led to the restatement of our previously issued Condensed Consolidated Financial Statements for the quarterly periods ended March 31, 2014 and June 30, 2014. We identified an additional material weakness at December 31, 2014 over the assessment of significant risks and uncertainties associated with our ability to comply with financial covenants contained in our credit agreements, and over the assessment of our ability to meet our liquidity and capital resource needs for a reasonable period of time. We are in the process of remediating these material weaknesses.

As reported in our prior Annual Reports on Form 10-K, we identified other material weaknesses in internal control over financial reporting that led to the restatement of our previously issued consolidated financial statements for fiscal years 2002 and 2003, the first three quarters of 2004 and the first three quarters of 2011. We also identified material weaknesses in internal control over financial reporting as of December 31, 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.

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Our failure to prepare and timely file a periodic report with the SEC limits our access to the public markets to raise debt or equity capital.

We did not file a Quarterly Report on Form 10-Q within the timeframe required by the SEC for the quarterly period ended September 30, 2014. Because we have not remained current in our reporting requirements with the SEC, we are limited in our ability to access the public markets to raise debt or equity capital. Our limited ability to access the public markets could prevent us from implementing business strategies that we might otherwise believe are beneficial to our business. Until one year after the date we maintain compliance with our SEC reporting obligations, we will be ineligible to use shorter and less costly filings, such as Form S-3, to register our securities for sale. We may use Form S-1 to register a sale of our stock to raise capital, but doing so would likely increase transaction costs and adversely affect our ability to raise capital in a timely manner.

Pending securities class action and derivative complaints have resulted in significant costs and expenses, have 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 restatement. In addition to us, our former Chief Executive Officer and current Chief Financial Officer are named as defendants. Shareholder derivative complaints were also filed in the state district court for Harris County, Texas and the United States District Court for the Southern District of Texas on behalf of us naming certain of our current and former officers and members of our board of directors as defendants and the Company as a nominal defendant. The complaints allege that the officer and board member defendants breached their fiduciary duties by permitting our internal controls to be inadequate, wasted corporate assets and were unjustly enriched. We have incurred and/or expect to incur significant professional fees and other costs in defending against the class action and derivative complaints. If we do not prevail in the pending proceedings or any other 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.

The potential for additional litigation or other proceedings or enforcement actions could adversely affect us, require significant management time and attention, result in significant legal expenses or damages, and cause our business, financial condition, results of operations or cash flow to suffer.

The matters that led to the class action and derivative complaints described above have also exposed us to greater risks associated with litigation, regulatory proceedings and government enforcement actions. We and current and former members of our senior management may in the future be subject to additional litigation or governmental proceedings relating to such matters. Subject to certain limitations, we are obligated to indemnify our current and former officers and directors in connection with any such lawsuits or governmental proceedings and related litigation or settlement amounts. Regardless of the outcome, these lawsuits and other litigation or governmental proceedings that may be brought against us or our current or former officers and directors, could be time consuming, result in significant expense and divert the attention and resources of our management and other key employees. An unfavorable outcome in any of these matters could exceed coverage provided under potentially applicable insurance policies. Any such unfavorable outcome could have a material adverse effect on our business, financial condition, results of operations or cash flows. Further, we could be required to pay damages or additional penalties or have other remedies imposed against us, or our current or former directors or officers, which could harm our reputation, business, financial condition, results of operations or cash flows.

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. (“WII”). Also in May 2008, we reached a final settlement with the SEC to resolve its previously disclosed investigation 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

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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.

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.

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 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 material adjustments that would adversely 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

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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 cancelled, we may be reimbursed for certain costs, but typically have no contractual right to the total revenues included in our backlog.

Federal and state legislative and regulatory developments that we believe should encourage electric power transmission and natural gas pipeline infrastructure spending may fail to result in increased demand for our Utility T&D and Oil & Gas services.

In recent years, federal and state legislation has been passed and resulting regulations have been adopted that could significantly increase spending on electric power transmission and natural gas pipeline infrastructure, including the Energy Act of 2005 and state Renewable Portfolio Standard (“RPS”) programs. However, much fiscal, regulatory and other uncertainty remains as to the impact this legislation and regulation will ultimately have on the demand for our Utility T&D and Oil & Gas services.

RPS initiatives may not lead to increased demand for our Utility T&D services. A majority of states and Washington D.C. have mandatory RPS programs that require certain percentages of power to be generated from renewable sources. However, for budgetary or other reasons, states may reduce those mandates or make them optional or extend deadlines, which could reduce, delay or eliminate renewable energy development in the affected states. Furthermore, renewable energy is generally more expensive to produce and may require additional power generation sources as backup. Funding for RPS programs may not be available or may be further constrained as a result of the significant declines in government budgets and subsidies and in the availability of credit to finance the significant capital expenditures necessary to build renewable generation capacity. Funding for RPS programs may also be constrained by low prevailing commodity prices for conventional fossil fuels. These factors could lead to fewer projects resulting from RPS programs than anticipated or a delay in the timing of these projects and the related infrastructure, which would negatively affect the demand for our Utility T&D services. Moreover, even if the RPS programs are fully developed and funded, we cannot be certain that we will be awarded any resulting contracts. In addition, infrastructure projects are also subject to delays or cancellation due to local factors such as siting disputes, protests and litigation. Before we will receive revenues from infrastructure build-outs associated with any of these projects, substantial advance preparations are required such as engineering, procurement, and acquisition and clearance of rights-of-way, all of which are beyond our control. Investments for renewable energy and electric power infrastructure may not occur, may be less than anticipated or may be delayed, may be concentrated in locations where we do not have significant capabilities, and any resulting contracts may not be awarded to us, any of which could negatively impact demand for our Utility T&D services.

In addition, the increase in long-term demand for natural gas that we believe will benefit from anticipated U.S. greenhouse gas regulations may be delayed or may not occur, which could affect the demand for our Oil & Gas services. It is difficult to accurately predict the timing and scope of any potential federal or state greenhouse gas regulations that may ultimately be adopted or the extent to which demand for natural gas will increase as a result of any such regulations.

Seasonal variations and inclement weather may cause fluctuations in our operating results, profitability, cash flow and working capital needs related to our Oil & Gas, Utility T&D and Canada segments.

A significant portion of our business in our Oil & Gas, Utility T&D and Canada segments are performed outdoors. Consequently, our results of operations are exposed to seasonal variations and inclement weather. Our Utility T&D and Oil & Gas 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

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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, refinery, petrochemical and electric 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 8.6 percent of total contract revenue in 2014. This client was also responsible for 25.2 percent of our 12 month backlog and 49.6 percent of our total backlog at December 31, 2014.

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 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 construction and turnaround and maintenance services to refiners and petrochemical facilities. We also provide a wide range of services in electric power and natural gas transmission and distribution. These operations involve a high degree of operational risk. 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.

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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 only certain specialized activities such as hazardous waste removal, nondestructive inspection and catering and security. However, with respect to EPC and other contracts, including those in our Utility T&D segment, we may choose to subcontract a portion or 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 done 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

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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. This could have a significant impact on our future results.

Our operations outside of the U.S. and Canada are often times 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.

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 government-owned or supported companies and other 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 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. 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,

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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. 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.

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.
- 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.

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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 70 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.

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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, the Board of Directors.

Name	Age	Position(s)
John T. McNabb, II	70	Chairman of the Board and Chief Executive Officer
Michael J. Fournier	52	President and Chief Operating Officer
Van A. Welch	60	Executive Vice President and Chief Financial Officer
Edward J. Wiegele	53	Executive Vice President, Engineering & Technology (President, Professional Services)
Johnny M. Priest	65	Executive Vice President, Utility Transmission & Distribution (President, Utility T&D)
John K. Allcorn	53	Executive Vice President, Pipeline Services
James L. Gibson	64	Executive Vice President, Project Management
Peter W. Arbour	66	Senior Vice President and General Counsel

John T. McNabb, II was elected to the Board of Directors in August 2006. He served as non-executive Chairman of the Board from September 2007 until August 2014 when he was appointed Executive Chairman. He was appointed Chief Executive Officer in October 2014. Mr. McNabb is currently Senior Advisor, Corporate Finance, and was previously Vice Chairman, Corporate Finance of Duff & Phelps Corporation, a global independent provider of financial advisory and investment banking services. He assumed his roles with Duff & Phelps on June 30, 2011. Prior thereto, he founded and was the Chairman of the Board of Directors of Growth Capital Partners, L.P., an investment and merchant banking firm that has provided financial advisory services to middle market companies throughout the United States since 1992. Previously, he was a Managing Director of Bankers Trust New York Corporation and a Board member of BT Southwest, Inc., the southwest U.S. merchant banking affiliate of Bankers Trust, from 1989 to 1992. He started his energy career with Mobil Oil in the E&P Division. Mr. McNabb is Chairman of the Board of Visitors at the University of Houston and currently sits on the boards of Continental Resources (where he has served as Lead Director) and Cypress Energy Partners GP, LLC, the general partner of Cypress Energy Partners. Mr. McNabb earned both his undergraduate degree and MBA from Duke University.

Michael J. Fournier was elected President and Chief Operating Officer effective October 22, 2014 and July 1, 2014 respectively, after having served as President of Willbros Canada since September 2012. He joined Willbros Canada as Chief Operating Officer in August 2011, and is a 29-year veteran of Western Canada's Oil & Gas service industry. Before joining Willbros, Mr. Fournier filled successive roles starting as an operations manager and finishing as president of Aecon Lockerbie Construction Group, Inc. and its predecessor entities from 2005 to 2011. Prior positions include management and senior management positions with a number of industrial contractors operating in the Canadian Oil Sands. 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. He also served on the Board of Directors for Construction Labour Relations Alberta and Management Board for the Natural Sciences and Engineering Research Council of Canada (NSERC) Chair in Construction Management for University of Alberta.

Van A. Welch joined Willbros in 2006 as Senior Vice President, Chief Financial Officer and Treasurer of Willbros Group, Inc.; he served as Treasurer until September 2007 and re-assumed that office in July 2010. In May 2011, he was promoted to Executive Vice President, Chief Financial Officer and Treasurer. He resigned from the office of Treasurer in May 2012. Mr. Welch has over 30 years' experience in project controls, administrative and finance positions with KBR, 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.

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Edward J. Wiegele joined Willbros in 2007 as Vice President of Professional Services and served as President of Willbros' Professional Services business unit before being elected as Senior Vice President, Professional Services and President of the Professional Services segment in January 2013. He was elected Executive Vice President, Engineering & Technology on October 22, 2014. Mr. Wiegele has over 30 years of experience in pipeline engineering, project management, operations and business development providing technical services to the pipeline industry as well as extensive experience in energy infrastructure development, GIS technologies, integrity management and technology implementation. He earned his civil engineering degree from Iowa State University in 1982.

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 on October 22, 2014. Prior to joining Willbros, he served as Chief Executive Officer of Argos Utilities 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.

John K. Allcorn rejoined Willbros in March 2013 as Senior Vice President, Sales, and was elected Executive Vice President, Pipeline Services on October 22, 2014. While previously with Willbros, he was responsible for worldwide operations, including overseeing our engineering and construction companies. Prior to rejoining Willbros, he served as President and Chief Executive Officer of Integrated Pipeline Services, Inc. from January 2009 to March 2012, during which he established an investment strategy to grow the business through a mix of organic expansion and mergers and acquisitions. Mr. Allcorn has also held positions with US Pipeline, Inc. and Gregory & Cook. Mr. Allcorn has more than 27 years of experience in the pipeline industry, specializing in pipeline design and construction. Mr. Allcorn earned a Bachelor of Science degree in Accounting from the University of Houston.

James L. Gibson was named Executive Vice President, Project Management in July 2014 having served as Executive Vice President and Chief Operating Officer of Willbros since May 2011, prior to which he served as the Company's Chief Operating Officer since October 2010. Mr. Gibson joined Willbros in March 2008. He was named President, Willbros Canada in July 2008, and appointed President Downstream Oil & Gas in February 2010. Mr. Gibson brings more than 40 years of diversified construction experience in managing all aspects of project performance including: cost, schedules, quality, safety, budget, regulatory requirements and subcontracting. Prior to joining Willbros, he was employed by KBR for the majority of his career, beginning in 1972. He held a number of positions at KBR in project management services performing work in refineries and chemical plants. He has managed projects for Syncrude Canada Limited in Alberta and other projects in the oil sands industry in the Fort McMurray area. Mr. Gibson holds several contractor certifications and licenses and graduated from the University of Texas with a Bachelor of Science in Engineering.

Peter W. Arbour joined Willbros in May 2010 as Senior Vice President, General Counsel, and Corporate Secretary. Before joining Willbros, he served in senior legal positions with the Expro International Group from August 2006 to April 2010, Power Well Services from August 2004 to July 2006, and KBR, where he managed a worldwide law department for over 10 years. Mr. Arbour's legal experience includes work with mergers and acquisitions, engineering and construction contracts, construction claims, litigation management, and compliance matters. He has extensive experience in overseas projects, particularly in the Middle East, Asia Pacific, and Latin America. Mr. Arbour is a member of the state bar associations of Texas and Louisiana and holds undergraduate and Juris Doctorate degrees from Louisiana State University. Mr. Arbour resigned from the office of Corporate Secretary in December 2010.

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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, 2014:		
First Quarter	\$12.84	\$7.66
Second Quarter	13.69	10.27
Third Quarter	12.69	8.32
Fourth Quarter	8.52	3.96
For the year ended December 31, 2013:		
First Quarter	\$9.96	\$5.48
Second Quarter	10.45	6.13
Third Quarter	10.19	6.19
Fourth Quarter	10.30	7.87

Substantially all of our stockholders maintain their shares in "street name" accounts and are not, individually, stockholders of record. As of March 25, 2015, our common stock was held by approximately 154 holders of record and an estimated 2,100 beneficial owners.

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. We anticipate that we will retain earnings to support operations and to finance the growth and development of our business. Therefore, we do not expect to pay cash dividends in the foreseeable future. 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 2014:

	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, 2014 – October 31, 2014	54,324	\$7.09	—	—
November 1, 2014 – November 30, 2014	—	—	—	—
December 1, 2014 – December 31, 2014	8,545	5.96	—	—
Total	62,869	\$6.94	—	—

Represents shares of common stock acquired from certain of our officers and key employees under the share (1) withholding provisions of our 1996 Stock Plan and 2010 Stock and Incentive Compensation Plan for the payment of taxes associated with the vesting of shares of restricted stock granted under such plans.

(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.

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Item 6. Selected Financial Data

SELECTED CONSOLIDATED FINANCIAL AND OTHER DATA

(Dollar amounts in thousands, except per share data)

	Year Ended December 31,				
	2014	2013	2012	2011	2010
Statement of Operations Data:					
Contract revenue	\$2,026,749	\$1,891,000	\$1,834,288	\$1,298,021	\$887,060
Operating expenses (income):					
Contract	1,852,727	1,683,448	1,653,433	1,175,871	778,670
Amortization of intangibles	12,371	12,473	12,376	12,499	6,828
General and administrative	157,462	163,548	150,055	125,874	104,476
Goodwill impairment	—	—	8,067	178,575	60,000
Changes in fair value of contingent earn-out liability	—	—	—	(10,000)	(45,340)
Settlement of project dispute	—	—	—	8,236	—
Acquisition costs	—	—	—	—	10,055
Other charges	6,997	—	—	105	3,771
Operating income (loss)	(2,808)	) 31,531	10,357	(193,139)	(31,400)
Interest expense, net	(30,354)	) (31,226)	(29,394)	(45,036)	(27,639)
Other, net	(367)	) (732)	(570)	(531)	1,553
Loss on early extinguishment of debt	(15,176)	) (11,573)	(3,405)	(6,304)	—
Loss from continuing operations before income taxes	(48,705)	) (12,000)	(23,012)	(245,010)	(57,486)
Provision (benefit) for income taxes	6,573	14,534	4,727	(33,558)	(28,951)
Loss from continuing operations	(55,278)	) (26,534)	(27,739)	(211,452)	(28,535)
Income (loss) from discontinued operations net of provision for income taxes	(24,549)	) 10,667	(1,496)	(81,369)	(7,294)
Net loss	(79,827)	) (15,867)	(29,235)	(292,821)	(35,829)
Less: Income attributable to noncontrolling interest	—	—	(976)	(1,195)	(1,207)
Loss attributable to Willbros Group, Inc.	\$(79,827)	) \$(15,867)	\$(30,211)	\$(294,016)	\$(37,036)
Reconciliation of net loss attributable to Willbros Group, Inc.					
Loss from continuing operations	\$(55,278)	) \$(26,534)	\$(27,739)	\$(211,452)	\$(28,535)
Income (loss) from discontinued operations	(24,549)	) 10,667	(2,472)	(82,564)	(8,501)
Net loss attributable to Willbros Group, Inc.	\$(79,827)	) \$(15,867)	\$(30,211)	\$(294,016)	\$(37,036)
Basic income (loss) per share attributable to Company shareholders:					
Continuing operations	\$(1.12)) \$(0.54)	\$(0.58)	\$(4.45)	\$(0.67)
Discontinued operations	(0.50)) 0.22	(0.05)	(1.74)	(0.20)
Net loss	\$(1.62)) \$(0.32)	\$(0.63)	\$(6.19)	\$(0.87)

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Diluted income (loss) per share

attributable to Company shareholders:

Continuing operations	\$ (1.12)	\$ (0.54)	\$ (0.58)	\$ (4.45)	\$ (0.67)
Discontinued operations	(0.50	)	0.22	(0.05	)	(1.74	)	(0.20)	
Net loss	\$ (1.62	)	\$ (0.32	)	\$ (0.63	)	\$ (6.19	)	\$ (0.87)

Cash Flow Data:

Cash provided by (used in):

Operating activities	\$ (59,864	)	\$ 2,469	\$ (35,738	)	\$ 11,713	\$ 46,871
Investing activities	38,988		25,955	22,236		58,376	(404,651		
Financing activities	1,596		(37,630)	6,574	(147,296)	297,795	
Effect of exchange rate changes	(1,057)	(1,564)	(2,137)	(449)	2,402

Balance Sheet Data (at period end):

Cash and cash equivalents	\$ 23,273	\$ 42,569	\$ 48,778	\$ 52,859	\$ 111,924
Total assets	692,207	870,668	978,246	861,771	1,270,345
Total liabilities	578,382	681,894	771,913	630,193	746,805
Total debt	289,030	277,208	303,820	267,748	387,928
Stockholders' equity	113,825	188,774	206,333	231,578	523,540

Other Financial Data (excluding discontinued operations):

12 Month Backlog (at period end)(1)	\$ 739,674	\$ 1,039,386	\$ 976,079	\$ 752,800	\$ 638,564
Capital expenditures, excluding acquisitions	15,175	16,025	10,629	9,769	14,861
Adjusted EBITDA from continuing operations(2)	47,161	73,994	67,077	31,460	46,758
Number of employees (at period end):	7,959	9,399	12,054	8,810	7,260

Backlog is anticipated contract revenue from uncompleted portions of existing contracts and contracts whose award is reasonably assured. Master Service Agreement ("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. Backlog is not a term recognized under United States generally accepted accounting principles (U.S. GAAP); however, it is a common measurement used in our industry.

Adjusted EBITDA from continuing operations is defined as income (loss) from continuing operations before interest expense, income tax expense (benefit) and depreciation and amortization, adjusted for items broadly consisting of selected 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.

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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 — Services Provided" (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 2014 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, gas, refining, petrochemical and power industries. Our offerings include engineering, procurement and construction (either individually or as an integrated "EPC" service offering), turnaround, maintenance, facilities development and operations services.

2014 Year in Review

Contract revenue increased approximately \$135.7 million to \$2.0 billion in 2014. The overall increase was primarily related to increased activity within our Oil & Gas and Professional Services segments partially offset by a reduction of contract revenue within our Canada and Utility T&D segments. Operating income for 2014 was down approximately \$34.3 million to a \$2.8 million loss and is primarily related to substantial losses on two significant pipeline construction projects in our Oil & Gas segment coupled with the 2013 completion of the Texas Competitive Renewable Energy Zone ("CREZ") transmission construction projects in our Utility T&D segment that did not recur in 2014. We continue to generate positive operating results in three of our four segments.

Contract revenue generated in our Oil & Gas segment increased \$162.8 million, led by increased pipeline construction activity in both mainline and regional projects coupled with higher utilization in facilities, pipeline integrity and downstream service offerings. In 2014, our Oil & Gas segment generated an operating loss of \$54.4 million, compared to a loss of \$42.8 million in 2013. Changes in leadership and operating philosophy in 2014 in our Oil & Gas segment were intended to improve its regional delivery services and bring stability to its remaining operations. However, the losses incurred, coupled with failures in management oversight and poor project execution, in 2014 have resulted in a reorganization in this segment. The costs associated with this reorganization include direct employee severance charges of \$1.2 million, in addition to the allocation of \$2.0 million in corporate costs related to employee severance charges and legal and accounting costs associated with our investigation of the root cause behind the deterioration of certain construction projects within our Oil & Gas segment. This reorganization is designed to flatten the organization and bring more experienced and capable project execution teams and top-line leadership on board. The regional strategy has been replaced with a model to address these markets as project opportunities. Projects will be conducted with management and oversight from segment management, and with project execution by teams and resources established to focus on each discrete project commitment.

Contract revenue generated by our Utility T&D segment decreased approximately \$23.2 million, or 6.0 percent, compared to 2013, while operating income decreased \$13.8 million over the same period. These decreases are primarily attributable to a reduction of activity in electric transmission construction services related to the completion of the CREZ transmission construction projects discussed above. Our Utility T&D segment continues to transition to new markets and customers and, entering 2015, has operations and Master Service Agreements ("MSAs") in ten states

with four new utility customers. This broader customer and geographic footprint has reduced customer concentration and is expected to enable us to leverage MSA performance on distribution and maintenance activities into larger and more profitable transmission construction activities in multiple markets from Texas eastward and up the Atlantic seaboard.

Our Canada segment exceeded performance objectives in 2014, despite a decrease of contract revenue of approximately 9.1 percent. The decrease in contract revenue was a result of completion of a large capital project which bolstered 2013 results.

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Our Canada segment continues to be driven by the sustaining maintenance spend on developed projects, some of which have production horizons exceeding 25 years. Certain of these projects are believed to be profitable at oil prices as low as \$30 per barrel. We do not expect the current oil price environment to result in the closure of the plants we presently rely on for our maintenance activity. Cost discipline by our customers is expected to result in margin pressure, and delays and cancellation or extension of maintenance periods could impact our revenue from both small capital work and maintenance activity. Our focus is on meeting client expectations for cost management and maintaining a positive operating performance.

Contract revenue generated by our Professional Services segment increased \$36.1 million in 2014, led by growth in our legacy pipeline engineering services in the upstream market coupled with increases in our line locating service offerings. Operating income declined by \$5.5 million to \$13.1 million, due to delays in government services projects and lower margins in our engineering service offerings in the downstream market.

Again, in 2014, we achieved positive operating results in three of our four segments. Our Oil & Gas segment performance was unacceptable, and we have made significant structural and management changes to reduce operational risk in the model and bring more experience and capability to the management team. Additionally, in July 2014, we appointed a new Chief Operating Officer and in October, we appointed a new Chief Executive Officer. The short term objective of the new management team is to rationalize our Oil & Gas segment, bolster it with more experienced and capable management and leadership and to strengthen the balance sheet through asset sales and more reliable and predictable operating performance.

In April 2014, we sold our union refinery maintenance turnaround business unit, a related fabrication facility and associated tools and equipment ("CTS") to a private buyer. Through proceeds received in the sale, we paid down approximately \$25.0 million of our term loan debt. In December 2014, we funded the final payment of \$32.7 million in connection with the settlement of the West Africa Gas Pipeline Company Limited ("WAPCo") project litigation through proceeds received from the refinancing of our credit facility indebtedness.

In March 2015, we closed the sale of UtilX and Premier and applied the net proceeds to reduce our overall indebtedness. These asset sales and pay-down of debt, coupled with our amended credit facility and stronger balance sheet, improved our competitive position.

We will continue to analyze the performance of all of our lines of service relative to our peers and strategic objectives, and take management actions to improve their operating performance or exit them.

Looking Forward

Oil prices declined significantly in 2014 and despite a pause in the decline in early 2015, we believe the sentiment is that price recovery will not be meaningful until 2016. Storage capacity for a surplus of crude is reaching capacity, creating concern that more U.S. production will continue to damp prices, at least in North America. Operating companies in the oil and gas sector have reduced drilling and capital budgets, and, in certain instances are reducing their employee count. We examined our segments and the markets they address and concluded that our service lines will see negative impacts from this new price environment. Because of this changed business environment, we have taken actions to improve the operational risk profile of our company. Across all segments and at the corporate level, we have reduced general, administrative and indirect costs to better align our costs with the revenue levels anticipated for 2015. These management actions are expected to reduce our costs and simplify the management structure of our operating units. Due to the market sentiment and the low oil price environment, we expect margin pressure in our Canada, Oil & Gas and Professional Services segments. Our Canada segment, with its maintenance focus, is expected to generate adequate revenues and returns for the segment to maintain profitability. Because customers in our Utility T&D segment are overseen by public regulatory agencies and driven by their ability to invest approved funds to maintain and expand their systems in order to provide high levels of reliability while meeting demand for electricity, we do not expect our Utility T&D segment to be impacted by the low oil price environment. In our Oil & Gas segment, the regional delivery strategy has been replaced with a model to address the regional markets with a project based approach. As a result, we have ceased call-out and MSA work, which carries high indirect and support costs, and closed multiple offices. We have examined the lease commitments associated with closure of five regional offices

and one engineering office and determined that our exposure is approximately \$0.1 million per month with obligations ranging from 17 to 94 months. If we are unable to sub-lease, terminate or buy out these leases our total costs could be approximately \$7.3 million. We have a sub-lease strategy underway and have indications of interest in certain of these leases. We will deploy dedicated personnel and resources to conduct project commitments. Our Oil & Gas segment will operate in 2015 with fewer service lines, addressing the markets of interest with a deeper and narrower organization. The management changes taken in 2014 and reorganization of our Oil &

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Gas segment are expected to reduce the complexity and operational risk of this segment. We have also reduced and combined services in our Oil & Gas, Canada and Professional Services segments to flatten these organizations and operate with greater oversight from segment leadership.

Opportunities for Oil & Gas include mid-stream oil and Natural Gas Liquid pipelines which are necessary to match take-away capacity with current levels of production, some of which is stranded due to inadequate pipeline infrastructure, primarily in the Bakken and Marcellus shales. Additional opportunity in 2015 is associated with natural gas pipelines to take gas to LNG export facilities as well as complete the infrastructure to export dry gas to Mexico. Certain analysts indicate that there are over \$68.0 billion in large pipeline prospects on the map for award in North America, over the next two years (excluding Keystone). These factors give us confidence that Oil & Gas could generate improved results in 2015 and going forward.

Likewise, our Professional Services segment is benefiting from the front-end activities associated with the anticipated pipeline build-out over the next five years. We believe our Professional Services segment can maintain profitability and has some upside associated with EPC and integrity opportunities.

Our Canada segment, as noted above, benefits from its strong presence in the mine sites and its maintenance activity. While there is likely to be margin pressure, we believe there is some opportunity to displace other contractors as owners strive for more efficiency in the conduct of their maintenance and small capital projects. We have not yet observed any suspensions or delays of projects where the final investment decision has been taken.

Our Utility T&D segment continues to expand its presence from Texas eastward and up the Atlantic seaboard. We believe our integrated offering to provide services for the conversion of overhead to underground distribution in Virginia will continue to provide growth opportunities in that market and our new MSA with Duke in Florida also opens new opportunities for growth in both distribution and transmission activities.

Other Financial Measures

Backlog

In our industry, backlog is considered an indicator of potential future performance as it represents a portion of the future revenue stream. Our strategy is focused on capturing quality backlog with margins commensurate with the risks associated with a given project. As such, we have put processes and procedures in place to identify contractual and execution risks in new work opportunities and believe we have instilled in the organization the discipline to price, accept and book only work which meets stringent criteria for commercial success and profitability.

Backlog broadly consists of anticipated 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 by using recurring historical trends inherent in the MSAs, factoring in seasonal demand and projecting customer needs based upon ongoing communications with the customer. We also include in backlog our share of work to be performed under contracts signed by joint ventures in which we have an ownership interest.

At December 31, 2014, total backlog was approximately \$1.4 billion and 12 month backlog was approximately \$0.7 billion. In comparison to December 31, 2013, total backlog decreased approximately \$617.9 million and 12 month backlog decreased approximately \$299.7 million. These decreases are primarily related to the burn-off of backlog on certain significant Oil & Gas projects and the continued work-off of MSAs, which are subject to renewal options in future years, outweighing any additions to backlog for the year.

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The following tables (in thousands) show our backlog from continuing operations by operating segment and geographic location as of December 31, 2014 and 2013 and our 12 month year-end backlog for each of the last five years:

	As of December 31, 2014			2013					
	12 Month	Percent	Total	Percent	12 Month	Percent	Total	Percent	
Oil & Gas	\$106,267	14.4 %	\$109,840	8.1 %	\$367,726	35.5 %	\$368,776	18.7 %	
Utility T&D	295,957	40.0 %	803,392	59.4 %	254,060	24.4 %	860,260	43.7 %	
Professional Services	191,122	25.8 %	250,574	18.6 %	238,425	22.9 %	375,256	19.0 %	
Canada	146,328	19.8 %	188,508	13.9 %	179,175	17.2 %	365,946	18.6 %	
Total Backlog	\$739,674	100.0 %	\$1,352,314	100.0 %	\$1,039,386	100.0 %	\$1,970,238	100.0 %	

Total Backlog by Geographic Region	As of December 31, 2014		2013	
	Total	Percent	Total	Percent
United States	\$1,161,543	85.9 %	\$1,599,796	81.2 %
Canada	188,508	13.9 %	365,946	18.6 %
Other International	2,263	0.2 %	4,496	0.2 %
Backlog	\$1,352,314	100.0 %	\$1,970,238	100.0 %

12 Month Backlog	As of December 31,				
	2014	2013	2012	2011	2010
	\$739,674	\$1,039,386	\$976,079	\$752,800	\$638,564

Our Professional Services segment includes \$137.5 million in total backlog and \$87.1 million in 12 month backlog related to our UtilX and Premier businesses, which were sold subsequent to December 31, 2014. See Note 18 - Subsequent Events in Item 8 of this Form 10-K for additional information.

Adjusted EBITDA from Continuing Operations

We define Adjusted EBITDA from continuing operations as income (loss) from continuing operations before interest expense, income tax expense (benefit) and depreciation and amortization, adjusted for items broadly consisting of selected 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. 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.

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

	Year Ended December 31,				
	2014	2013	2012	2011	2010
Loss from continuing operations attributable to Willbros Group, Inc.	\$(55,278)	\$(26,534)	\$(27,739)	\$(211,452)	\$(28,535)
Interest expense, net	30,354	31,226	29,394	45,036	27,639
Provision (benefit) for income taxes	6,573	14,534	4,727	(33,558)	(28,951)
Depreciation and amortization	36,245	39,030	43,175	48,619	38,461
Goodwill Impairment charges	—	—	8,067	178,575	60,000
Changes in fair value of contingent earnout liability	—	—	—	(10,000)	(45,340)
Loss on early extinguishment of debt	15,176	11,573	3,405	6,304	—
DOJ monitor cost	—	—	1,588	3,567	4,002
Stock based compensation	13,617	7,066	7,532	9,643	8,147
Restructuring charges	2,095	241	151	105	3,771
Accounting and legal fees associated with the restatements	3,413	—	—	—	—
Acquisition related costs	—	—	—	—	10,055
Gain on disposal of property and equipment	(5,034)	(3,142)	(3,223)	(5,379)	(2,491)
Adjusted EBITDA from continuing operations	\$47,161	\$73,994	\$67,077	\$31,460	\$46,758

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RESULTS OF OPERATIONS

	Years Ended December 31		2014-2013 Change	2012	2013-2012 Change
	2014	2013			
Contract revenue					
Oil & Gas	\$826,088	\$663,293	\$162,795	\$808,176	\$(144,883)
Utility T&D	363,779	386,952	(23,173)	425,748	(38,796)
Professional Services	439,871	403,780	36,091	390,953	12,827
Canada	404,589	445,213	(40,624)	216,793	228,420
Eliminations	(7,578)	(8,238)	660	(7,382)	(856)
Total	2,026,749	1,891,000			