Willbros Group, Inc.\NEW\
Form 10-K
March 10, 2016
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2015

OR

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

For the transition period from to

Commission file number 1-34259

Willbros Group, Inc.
(Exact name of registrant as specified in its charter)

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

4400 Post Oak Parkway
Suite 1000
Houston, TX 77027
Telephone No.: 713-403-8000
(Address, including zip code, and telephone number, including area code, of principal executive offices of registrant)

Securities registered pursuant to Section 12(b) of the Act:

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

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

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ¨ No ý

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes ¨ No ý

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ý No ¨

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of the Regulation S-T during the preceding 12 months (or such shorter period that the Registrant was required to submit and post such files). Yes ý No ¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant’s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ¨

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	¨	Accelerated filer	ý
Non-accelerated filer	¨	Smaller Reporting Company	¨

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

The aggregate market value of the Registrant's Common Stock held by non-affiliates of the Registrant on the last business day of the Registrant's most recently completed second fiscal quarter (based on the closing sales price on the New York Stock Exchange on June 30, 2015) was $64,331,296.

The number of shares of the Registrant's Common Stock outstanding at March 4, 2016 was 62,089,514.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's Proxy Statement for the Annual Meeting of Stockholders to be held on June 2, 2016 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 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 analysis we made in light of our experience and our perception of historical trends, current conditions and expected future developments as well as other factors we believe are appropriate under the circumstances. However, whether actual results and developments will conform to our expectations and predictions is subject to a number of risks and uncertainties. As a result, actual results could differ materially from our expectations. Factors that could cause actual results to differ from those contemplated by our forward-looking statements include, but are not limited to, the following:

- curtailment of capital expenditures due to low prevailing commodity prices or other factors, and the unavailability of project funding in the oil and gas and power industries;
- the demand for energy moderating or diminishing;
- inability to comply with the financial and other covenants in, or obtain waivers under our credit facilities;
- failure to obtain the timely award of one or more projects;
- reduced creditworthiness of our customer base and higher risk of non-payment of receivables;
- project cost overruns, unforeseen schedule delays and the application of liquidated damages;
- inability to execute fixed-price and cost-reimbursable projects within the target cost, thus eroding contract margin and, potentially, contract income on any such project;
- inability to satisfy New York Stock Exchange continued listing requirements for our common stock;
- increased capacity and decreased demand for our services in the more competitive industry segments that we serve;
- inability to lower our cost structure to remain competitive in the market or to achieve anticipated operating margins;
- inability of the energy service sector to reduce costs when necessary to a level where our customers’ project economics support a reasonable level of development work;
- reduction of services to existing and prospective clients when they bring historically out-sourced services back in-house to preserve intellectual capital and minimize layoffs;
- the consequences we may encounter if we identify any material weaknesses in our internal control over financial reporting in the future, which may adversely affect the accuracy and timing of our financial reporting;
- the impact of any litigation, including class actions associated with our restatement of first and second quarter 2014 financial results on our financial position and results of operations, including our defense costs and the costs and other effects of settlements or judgments;
- 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 and gas and power industries with offerings that primarily include construction, maintenance and facilities development services. We believe our long experience and expertise in the planning and execution of projects differentiates us from our competitors, provides us with competitive advantages in the markets we serve and positions us for early involvement in projects. Our maintenance capabilities provide us the opportunity to participate in the full life cycle of projects, many of which have design lives of more than 25 years.
Willbros provides its services through operating subsidiaries. The Willbros corporate structure is designed to comply with jurisdictional and registration requirements and to minimize worldwide taxes. Subsidiaries may be formed in specific work locations where such subsidiaries are necessary or useful to comply with local laws or tax objectives.
Company Information
We maintain our headquarters at 4400 Post Oak Parkway, Suite 1000, Houston, TX 77027; our telephone number is 713-403-8000. Our public website is http://www.willbros.com. We make available free of charge through our website via a link to Edgar Online, our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. Our common stock is traded on the New York Stock Exchange under the symbol “WG.”
In addition, we currently make available on our website annual reports to stockholders. You will need to have the Adobe Acrobat Reader software on your computer to view these documents which are in 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, public conference calls and webcasts.
In addition, we use social media to communicate with our investors and the public about our Company, our businesses and our results of operations. The information we post on social media could be deemed to be material information. Therefore, we encourage investors, the media and others interested in us to review the information we post on the following social media channels:

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

Our Vision
We continue to believe that long-term fundamentals support demand for our services and substantiate our vision for Willbros to be a billion dollar energy infrastructure construction and maintenance company with a diversified revenue stream, stable and predictable results, and future growth opportunities.
To accomplish this, we are actively working towards achieving the following objectives:

- Strengthening our focus on project execution;
- Managing our resources to mitigate the seasonality of our business model;
- Positioning Willbros as a service provider and employer of choice;

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- Developing long-term client partnerships and alliances by focusing team driven sales efforts on key clients and exceeding performance expectations at competitive prices; and
- Meeting or exceeding industry best practices, particularly for safety and performance.

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

Our Values

We believe the values we adhere to as an organization shape our relationships and the performance of our company. We are committed to strong Leadership across the organization to achieve Excellence, Accountability and Compliance in everything we do, recognizing that Compliance is the 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 well-being and development; maintain an atmosphere of trust, empowerment and teamwork; ensure the best people are in the right position;
- Our Customers – understand their needs and develop responsive solutions; promote mutually beneficial relationships and deliver a good job on time;
- Superior Financial Performance – deliver earnings per share and cash flow and maintain a balance sheet which places us at the forefront of our peer group;
- Vision & Innovation – understand the drivers of our business environment; promote constant curiosity, imagination and creativity about our business and opportunities; seek continuous improvement; and
- Effective Communications – present a clear, consistent and accurate message to our people, our customers and the public.

We believe that adhering to and living 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.

Business Segments

Willbros has three operating segments: Oil & Gas, 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 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 three 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 over the last three years. Within the past ten years, we have worked in Asia, Europe, North America, the Middle East, Africa, and South America with private sector clients historically accounting for the majority of our revenue. One of our customers in the Utility T&D segment, Oncor, was responsible for 17.9 percent, 10.3 percent and 14.8 percent of our revenue from continuing operations for 2015, 2014 and 2013, respectively. Another one of our customers in the Oil & Gas segment, Enterprise Products Partners L.P., was responsible for 12.5 percent, 9.1 percent and 11.9 percent of our revenue from continuing operations in 2015, 2014 and 2013, respectively.

On November 30, 2015, we sold the balance of our Professional Services segment to TRC Companies ("TRC") for $130.0 million in cash, subject to working capital and other adjustments. As a result, the results of operations, financial position, cash flows and disclosures of the Professional Services segment, including the previously sold subsidiaries in 2015 of Willbros Engineers, LLC and Willbros Heater Services, LLC (collectively "Downstream Professional Services"), Premier Utility Services, LLC ("Premier") and UtilX Corporation ("UtilX"), are presented as discontinued operations for all periods presented.

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See Note 12 – 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, maintenance and lifecycle extension services to the midstream markets. Our history of executing large and complex pipeline projects has positioned us to participate in pipeline infrastructure markets. To support the extensive oil and gas development activity in the United States, we construct pipelines that connect oil and gas resources to end-markets. We currently provide these services primarily in the United States; however, our experience includes prior work on international projects. We believe that these service offerings, combined with our industry experience in large oil and gas infrastructure projects, allow us to meet our customers' needs for safety, quality, schedule certainty, and local presence at a competitive price.

Pipeline Construction

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

Expansion of unconventional production in the United States has shifted the demand for pipeline construction geographically. The need for take-away capacity for oil, natural gas and liquids from these new production areas is expected to provide project opportunities for construction of oil, liquids and natural gas pipelines, although low prevailing commodity prices has resulted in the delay or cancellation of many such projects.

Facilities Construction

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

Integrity Construction

We provide integrity construction services as well as conventional pipeline systems maintenance services.

Tank Services

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

Utility T&D

We provide a wide range of services in electric and natural gas transmission and distribution, including comprehensive engineering, procurement, maintenance and construction, repair and restoration of utility infrastructure.

Electric Power T&D Services

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

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Electric Engineering T&D Services

We provide professional engineering and design services for overhead and underground electric power transmission and distribution systems for investor-owned utilities, cooperatives, municipalities and generation developers. Services offered include design, design build, and engineering, procurement and construction.

Electric Power Transmission and Substation

We maintain and construct overhead and underground transmission lines up to 500-kV. Overhead transmission services include the installation, maintenance and repair of transmission structures involving wood, concrete, steel pole and steel lattice tower configurations. Underground transmission services include the installation and maintenance of underground transmission cable and its associated duct, conduit and manhole systems. Electric power transmission also includes substation services, which involve the maintenance, construction, expansion, calibration and testing of electric power substations and components.

Electric Power Distribution

We maintain, construct and upgrade underground and overhead electric power distribution lines from 34.5-kV to household voltage levels. Our services encompass all facets of electric power distribution systems, including primary and secondary voltage cables, wood and steel poles, transformers, switchgear, capacitors, underground duct, manhole systems, residential, commercial and electric meter installation.

Emergency Storm Response

Our nationwide emergency storm response capabilities span both electric power transmission and distribution systems. We provide storm response services for our existing customers ("on-system") as well as customers with which we have no ongoing Master Service Agreement ("MSA") relationships ("off-system"). Typically with little notice, our crews deploy nationally in response to hurricanes, ice storms, tornadoes, floods and other natural disasters which damage critical electric T&D infrastructure. Some notable examples of major emergency storm response deployments include the rebuilding of electric power distribution systems damaged by hurricanes and superstorms in Louisiana, Texas and New England.

Telecommunications

Our crews install and maintain overhead and underground telecommunications infrastructure, including conventional telephone cables, fiber optic installation cables, fiber to the premises (commonly referred to as FTTP), cellular towers, broadband-over-powerline and cable television lines.

Natural Gas T&D Services

We provide a full spectrum of natural gas T&D services, 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, Alberta. 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 HTTL,

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but the ongoing rotation and maintenance of these lines as well. Our scope includes other pipeline projects both above and below ground ranging in diameter from 2 inches to greater than 48 inches in a variety of materials such as carbon steel, stainless steel, High Density Poly Ethylene, and other non-metal products and specialty alloys. Our crews are well equipped and capable of performing civil earthworks including corridor construction, trenching, backfill, grading, road construction, crossings and bores, berms, pipe culverts, excavation and hauling.

Projects and Specialty Services

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

Electrical and Instrumentation Services

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

Tanks

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

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 Strategy

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

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In 2015 we completed initiatives to streamline our structure and upgrade our operations resources, processes and procedures, and reduce the complexity of our business model. We also appointed new executive management and a new non-executive Chairman of the Board of Directors. Furthermore, we strengthened the balance sheet through the sale of businesses and assets not critical to our focus on energy infrastructure construction and maintenance, and as such, we reduced our Term Loan debt to less than $100.0 million at December 31, 2015. Key elements of our strategy are as follows:

Stabilize the Revenue Stream with Recurring Services

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

Focus on Managing Risk

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

Maintain Financial Flexibility

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

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, Smith Tank & Steel, Chicago Bridge & Iron and Matrix Service. In addition, there are a number of regional competitors such as Sunland, Dyess and Jomax.
- Utility T&D Segment – Quanta Services, MYR Group, MasTec and larger privately-held companies such as Pike Electric, Henkels & McCoy, Michels Corporation and Miller Pipeline.
- Canada Segment – Michels Corporation, North American Energy Services, Flint Energy Services, Ledcor, KBR and Quanta Services.

Contract Provisions and Subcontracting

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

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

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- 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.

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

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

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a representation or warranty under the agreement, we materially or repeatedly default in the performance of our material obligations under the agreement or we become insolvent.

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

Employees

At December 31, 2015, we directly employed a multi-national work force of 3,579 persons, of which approximately 98.2 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 8,258 over the past five years. The minimum employment during that period was 3,579 and the maximum was 12,054. At December 31, 2015, approximately 12.0 percent of our employees were covered by collective bargaining agreements. We believe relations with our employees are satisfactory. The following table sets forth the location of employees by segment as of December 31, 2015:

	Number of Employees	Percent	
Oil & Gas	864	24.1	%
Utility T&D	1,940	54.2	%
Canada	678	18.9	%
Corporate	97	2.8	%
Total	3,579	100.0	%

Equipment

We own, lease and maintain a fleet of generally standardized construction, transportation and support equipment. In 2015, 2014 and 2013, expenditures for capital equipment were $2.2 million, $11.5 million and $13.0 million, respectively. At December 31, 2015, the net book value of our property, plant and equipment was approximately $50.4 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
Oil & Gas	Houston, TX	Office space	Lease
	Splendora, TX	Office space and equipment yard	Own
	Channelview, TX	Office space and general warehouse	Lease
	Tulsa, OK(1)	Manufacturing, office space and general warehouse	Own
	Geismer, LA	Office space and general warehouse	Lease
	Pittsburgh, PA	Office space and general warehouse	Lease
Utility T&D	McKinney, TX	Office and general warehouse	Lease
	Ft. Worth, TX	Office space	Lease
	White Marsh, MD	Office space and general warehouse	Lease
	Richmond, VA	Office space and general warehouse	Lease
Canada	Ft. McMurray, Alberta, Canada	Office space, 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 space and general warehouse	Lease
	Calgary, Alberta, Canada	Office space	Lease
Corporate Headquarters	Houston, TX	Office space	Lease

(1) Facility was sold subsequent to December 31, 2015.

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 $8.1 million in 2015, $8.7 million in 2014 and $9.2 million in 2013.

Insurance and Bonding

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

The insurance protection we maintain may not be sufficient or effective in all circumstances or against all hazards. An enforceable claim for which we are not fully insured could have a material adverse effect on our results of operations. In the future, our ability to maintain insurance, which may not be available or at rates we consider reasonable, may be affected by events over which we have no control, such as those that occurred on September 11, 2001.

In 2015, 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.

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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 and electric power companies on infrastructure.
Our revenue and cash flow are primarily dependent upon major construction projects. The availability of these types of projects is dependent upon the economic condition of the oil and gas and electric power industries, and specifically, the level of capital expenditures of oil and gas and electric power companies on infrastructure. Our failure to obtain major projects, the delay in awards of major projects, the cancellation of major projects or delays in completion of contracts are factors that could result in the under-utilization of our resources, which would have an adverse impact on our revenue and cash flow. Numerous factors beyond our control influence the level of capital expenditures of these companies, including:

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

In particular, a large number of exploration and production and midstream companies have recently announced reductions in their capital expenditure budgets due to the recent and prolonged decline in crude oil and natural gas 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 facilities.
We are subject to a number of financial and other covenants under our credit facilities, including a Maximum Total Leverage Ratio and a Minimum Interest Coverage Ratio. On March 31, 2015, 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 “First Amendment 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. On March 1, 2016, we further amended our 2014 Term Credit Agreement pursuant to a Third Amendment (the "Third Amendment"). The Third Amendment, among other things, extends the First Amendment Covenant Suspension Period for an additional quarterly calculation period ending June 30, 2016 (the "Third Amendment Covenant Suspension Period") so that any failure by us to comply with the Maximum Total Leverage Ratio or Minimum Interest Coverage Ratio covenants during the Third Amendment Covenant Suspension Period will not be deemed to result in a default or event of default.

We can provide no assurance that we will remain in compliance with our financial covenants in the periods following the completion of the Third Amendment Covenant Suspension Period or that we would be successful in obtaining additional waivers or amendments to these covenants should they become necessary. Under the Third Amendment, the Maximum Total Leverage Ratio decreases to 4.50 to 1.00 as of September 30, 2016 and December 31, 2016, 3.25 to 1.00 as of March 31, 2017 and 3.00 to 1.00 as of June 30, 2017 and thereafter. The Minimum Interest Coverage

Ratio increases to 1.75 to 1.00 as of September 30, 2016 and December 31, 2016, 2.50 to 1.00 as of March 31, 2017 and 2.75 to 1.00 as of June 30, 2017 and thereafter. The Third Amendment further provides that, solely for the four quarter fiscal period ending September 30, 2016, Consolidated EBITDA will be equal to the sum of Consolidated EBITDA for the fiscal quarters ending June 30, 2016 and

September 30, 2016, multiplied by two. If our results of operations do not improve in 2016, we will be unable to meet the required financial covenants.

In order to ensure future compliance with our financial covenants, we may elect to prepay our credit agreement indebtedness by accessing capital markets, through proceeds from the sale, if necessary, of non-strategic assets, with cash on hand or through the reduction of overhead. In 2015, we completed the sale of our Professional Services segment and four non-strategic subsidiaries. However, we can provide no assurance that we will be successful in disposing of additional non-strategic assets, if necessary, 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 $15.0 million for five consecutive days, or (ii) 12.5 percent of the revolving commitments or $12.5 million at any time, we are subject to increased reporting requirements, the administrative agent will have exclusive control over any deposit account, we will not have any right of access to, or withdrawal from, any deposit account, or any right to direct the disposition of funds in any deposit account, and amounts in any deposit account will be applied to reduce the outstanding amounts under the 2013 ABL Credit Facility. In addition, if our unused availability under the 2013 ABL Credit Facility is less than the amounts described in the preceding sentence, we would be required to comply with a Minimum Fixed Charge Coverage Ratio financial covenant.

Our unused availability under the 2013 ABL Credit Facility was $47.0 million at December 31, 2015. We do not expect our availability under the 2013 ABL Credit Facility to drop to levels which would require us to comply with the Minimum Fixed Charge Coverage Ratio covenant over the next 12 months. However, if the Minimum Fixed Charge Coverage Ratio were to become applicable, we would not expect to be in compliance with this covenant.

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

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

As disclosed in our prior Annual Report on Form 10-K, we identified material weaknesses in our 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, the first three quarters of 2011 and the first two quarters of 2014. We also identified material weaknesses in internal control over financial reporting as of December 31, 2014, 2011, and 2010 and for the years 2004 through 2007. We believe that all of these material weaknesses have been successfully remediated.

Our failure to maintain effective internal control over financial reporting could adversely affect our ability to report our financial results on a timely and accurate basis, which could result in a loss of investor confidence in our financial reports or have a material adverse effect on our ability to operate our business or access sources of liquidity.

Furthermore, because of the inherent limitations of any system of internal control over financial reporting, including the possibility of human error, the circumvention or overriding of controls and fraud, even effective internal controls may not prevent or detect all misstatements.

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

As further described in Note 13 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

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District of Texas on behalf of our shareholders and alleging damages on their behalf arising from the matters that led to the restatements. In addition to us, two of our former Chief Executive Officers and our current Chief Financial Officer are named as defendants. We have incurred and/or expect to incur significant professional fees and other costs in defending against the class action. If we do not prevail in the pending litigation, we may be required to pay a significant amount of monetary damages that may be in excess of our insurance coverage. In addition, our Board of Directors, management and employees may expend a substantial amount of time on the pending litigation, diverting resources and attention that would otherwise be directed toward our operations and implementation of our business strategy, all of which could materially adversely affect our business, financial condition, results of operations or cash flows.

Our 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 investigations of possible violations of the FCPA and possible violations of the Securities Act of 1933 and the Securities Exchange Act of 1934. These investigations stemmed primarily from our former operations in Bolivia, Ecuador and Nigeria. We made the final payments under these settlements in October 2011. The criminal information associated with the DPA was dismissed, with prejudice, on April 2, 2012. Currently, we have no employees working outside of the United States and Canada.

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

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

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.

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

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

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

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

Managing backlog in our Utility T&D segment also has other challenges. Backlog for anticipated projects in this segment is determined based on recurring historical trends, seasonal demand and projected customer needs, but the agreements in this segment rarely have minimum volume or spending obligations, and many of the contracts may be terminated by the customers on short notice. For projects in this segment on which we have commenced work that are 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 operating segments.

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

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

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

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

We operate primarily in the oil and gas and power industries, providing services to a limited number of clients. Much of our success depends on developing and maintaining relationships with our major clients and obtaining a share of contracts from these clients. The loss of any of our major clients could have a material adverse effect on our operations. One client was responsible for approximately 17.9 percent of total contract revenue from continuing operations in 2015. This client was also responsible for 35.8 percent of our 12 month backlog and 56.6 percent of our total backlog from continuing operations at December 31, 2015.

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.

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Our operations are subject to a number of operational risks.
Our business operations include pipeline construction, fabrication, pipeline rehabilitation services and a wide range of services in electric power and natural gas transmission and distribution. 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.
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 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 performed in the southwestern U.S. where there is a greater risk of fines, work stoppages or other sanctions for disturbing Native American artifacts and archeological sites. Significant fines, penalties and other sanctions may be imposed for non-compliance with environmental laws and regulations, and some environmental laws provide for joint and several strict liabilities for remediation of releases of hazardous substances, rendering a person liable for environmental damage, without regard to negligence or fault on the part of such person. In addition to potential liabilities that may be incurred in satisfying these requirements, we may be subject to claims alleging personal injury or property damage as a result of alleged exposure to hazardous substances. These laws and regulations may expose us to liability arising out of the conduct of operations or conditions caused by others, or for our acts which were in compliance with all applicable laws at the time these acts were performed.

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

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

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

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

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

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

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

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

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

RISKS RELATED TO OUR COMMON STOCK

If we cannot meet the New York Stock Exchange ("NYSE") continued listing requirements, the NYSE may delist our common stock.

Our common stock is currently listed on the NYSE. In the future, if we are not able to meet the continued listing requirements of the NYSE, which require, among other things, that the average closing price of our common stock not fall below $1.00 over 30 consecutive trading days, we would fall below compliance standards and risk having our common stock delisted if we are not able to regain compliance.

On August 11, 2015, we received a notice from the NYSE that we were not in compliance with the continued listing standard set forth in NYSE Listed Company Manual Rule 802.01C because our common stock traded below the minimum average closing share price of $1.00 over a consecutive 30 trading-day period. However, on October 1, 2015, we received a subsequent letter from the NYSE confirming that our average stock price for the 30 trading days ended September 30, 2015 was above the NYSE's minimum requirement of $1.00 and that were are no longer considered to be below the $1.00 continued listing criterion.

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In the event that we are once again notified by the NYSE that we have fallen below the average closing price compliance standard, we intend to respond to the NYSE within 10 business days with a plan to cure the deficiency. We would have six months, or in certain circumstances, until we could take stockholder action at our next annual meeting, to regain compliance with the NYSE listing requirements. During the cure period, our common stock would continue to be listed and traded on the NYSE, subject to compliance with the other listing standards. Such a NYSE notification would not conflict with or violate any of our credit or debt obligations.
A delisting of our common stock could negatively impact us by, among other things:

- reducing the liquidity and market price of our common stock;
- reducing the number of investors, including institutional investors, willing to hold or acquire our common stock, which could negatively impact our ability to raise equity;
- decreasing the amount of news and analyst coverage by us;
- limiting our ability to issue additional securities, obtain additional financing or pursue strategic restructuring, refinancing or other transactions; and
- impacting our reputation and, as a consequence, our ability to attract new business.

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.

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

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

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

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

Item 1B. Unresolved Staff Comments

None.

Item 3. Legal Proceedings

For information regarding legal proceedings, see the discussion under the caption "Contingencies" in Note 13 – Contingencies, Commitments and Other Circumstances of our "Notes to Consolidated Financial Statements" in Item 8 of this Form 10-K, which information from Note 13 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, our Board of Directors.

Name	Age	Position(s)
Michael J. Fournier	53	President, Chief Executive Officer, Chief Operating Officer and Director
Van A. Welch	61	Executive Vice President and Chief Financial Officer
Johnny M. Priest	66	Executive Vice President, Utility Transmission & Distribution (President, Utility T&D)
Andrew M. Jack	52	Senior Vice President, Willbros Canada (President, Canada)
Harry W. New	54	Senior Vice President, Oil & Gas (President, Oil & Gas)
Peter W. Arbour	67	Senior Vice President and General Counsel

Michael J. Fournier has been Chief Executive Officer and a Director of the Company since December 2015, President of the Company since October 2014 and Chief Operating Officer of the Company since July 2014. He joined Willbros in August 2011 as Chief Operating Officer of Canada operations and served as President of Canada operations from September 2012 to July 2014. Prior to joining Willbros, he filled successive roles starting as an Operations Manager and finishing as President of Aecon Lockerbie Construction Group, Inc., a construction and infrastructure development company, and its predecessor entities from 2005 to 2011. Mr. Fournier has more than 30 years of experience in the engineering and construction service industries. Mr Fournier started his career in the Offshore Gulf Coast pipeline construction and platform fabrication sector, relocating to Canada in the early 90's. Much of his career since then has been spent in the Canadian Oil, Gas and Petrochemical sector where he has held a succession of project management and executive management roles with heavy industrial construction firms culminating in business unit president roles. He has served on the Board of Directors for Construction Labour Relations - Alberta and on the Management Board of the Natural Sciences and Engineering Research Council of Canada ("NSERC") Chair in Construction Management for the University of Alberta. He currently is a Director on the Board of the Progressive Contractors Association of Canada. Mr. Fournier graduated from the University of Alberta with a Bachelor of Science in Mechanical Engineering and is registered with the Association of Professional Engineers, Geologists and Geophysicists of Alberta.
Van A. Welch has been Executive Vice President of the Company since May 2011 and Chief Financial Officer of the Company since August 2006. He served as Senior Vice President of the Company from August 2006 to May 2011 and as Treasurer of the Company from August 2006 to September 2007 and from July 2010 to May 2012. Mr. Welch has over 30 years’ experience in project controls, administrative and finance positions with KBR, Inc. (formerly known as Kellogg Brown & Root), a global engineering, construction and services company, and its subsidiaries, serving in his last position as Vice President - Finance and Investor Relations and as a member of KBR’s executive leadership team. From 1998 to 2006, Mr. Welch held various other positions with KBR including Vice President, Accounting and Finance of the Engineering and Construction Division, Vice President, Accounting and Finance of Onshore Operations and Senior Vice President of Shared Services. Mr. Welch is a Certified Public Accountant.
Johnny M. Priest joined Willbros in 2012 as Chief Operating Officer of the Utility T&D segment before being elected Senior Vice President, Utility T&D and President of the Utility T&D segment later that year. He was elected Executive Vice President, Utility Transmission & Distribution of the Company in October 2014. Prior to joining Willbros, he served as Chief Executive Officer of Argos Utilities, a provider of transmission and distribution services to utility customers, from April 2009 to March 2012. Mr. Priest began his career as a line construction technician with Duke Power in 1967 and has since managed and presided over a number of companies including: Argos Utilities, MasTec Energy Group and Shaw Energy Delivery Services (formerly owned by Duke Energy). He is a veteran of the U.S. Army.

Andrew M. Jack has been Senior Vice President, Willbros Canada of the Company since January 2016 and President of the Canada segment since July 2014. He joined Willbros in October 2012 as General Manager of the Construction and Maintenance business unit, before being elected as Vice President, Canada in December 2013. Mr. Jack has extensive general management and business development experience with almost 25 years in the Oil and Gas pipeline industry and has worked internationally with respected multi-national companies. Mr. Jack is a Chartered Manager and member of the UK Pipeline Industries Guild. His early career began in finance with Deloitte (at that time, Deloitte Haskins & Sells) followed by Financial

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

Harry W. New has been Senior Vice President, Oil & Gas of the Company since January 2016 and President of the Oil & Gas segment since January 2015. He previously spent six years with Willbros from 2005 to 2011, rising to President of Willbros U.S. Construction. Prior to rejoining Willbros, from September 2011 to January 2015, he served as Senior Vice President of NorthStar Energy Services (a Quanta Services Company), a provider of infrastructure solutions for the oil and gas, pipeline, chemical, petrochemical, power, and terminal industries. Mr. New has more than 29 years of experience in the pipeline construction industry including management positions at Amec-Paragon Engineering and Bechtel Corporation. Mr. New is a member of the American Pipeline Contractors Association, INGAA and The Pipeliners Association of Houston. Mr. New graduated from Texas A&I with a Bachelor of Science degree in Natural Gas Engineering.

Peter W. Arbour has been Senior Vice President and General Counsel of the Company since May 2010. He served as Corporate Secretary of the Company from May 2010 to December 2010. 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.

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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, 2015:		
First Quarter	$7.04	$1.50
Second Quarter	3.28	1.12
Third Quarter	1.82	0.68
Fourth Quarter	3.43	1.24
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

Substantially all of our stockholders maintain their shares in "street name" accounts and are not, individually, stockholders of record. As of March 4, 2016, our common stock was held by approximately 165 holders of record.

Dividend Policy

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

Issuer Purchases of Equity Securities

The following table provides information about purchases of our common stock by us during the fourth quarter of 2015:

	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, 2015 – October 31, 2015	25,683	$2.28	—	—
November 1, 2015 – November 30, 2015	166,949	2.70	—	—
December 1, 2015 – December 31, 2015	9,312	3.15	—	—
Total	201,944	$2.67	—	—

(1) Represents shares of common stock acquired from certain of our officers and key employees under the share 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,				
	2015	2014	2013	2012	2011
Statement of Operations Data:					
Contract revenue	$908,994	$1,594,370	$1,495,125	$1,449,372	$966,018
Operating expenses (income):					
Contract costs	868,240	1,497,618	1,360,014	1,331,013	895,993
Amortization of intangibles	9,874	9,885	9,907	9,991	9,925
General and administrative	77,335	108,622	122,368	116,984	93,308
Gain on sale of subsidiary	(12,826)	—	—	—	—
Other charges	18,469	6,692	—	—	—
Goodwill impairment	—	—	—	6,593	161,649
Changes in fair value of contingent earn-out liability	—	—	—	—	(10,000)
Settlement of project dispute	—	—	—	—	8,236
Operating income (loss)	(52,098)	(28,447)	2,836	(15,209)	(193,093)
Interest expense, net	(27,203)	(30,359)	(31,220)	(29,347)	(44,933)
Debt covenant suspension and extinguishment charges	(39,178)	(15,176)	(11,573)	(3,405)	(6,304)
Other, net	(101)	(397)	(733)	(661)	(674)
Loss from continuing operations before income taxes	(118,580)	(74,379)	(40,690)	(48,622)	(245,004)
Provision (benefit) for income taxes	(54,031)	229	(3,992)	(5,278)	(33,560)
Loss from continuing operations	(64,549)	(74,608)	(36,698)	(43,344)	(211,444)
Income (loss) from discontinued operations net of provision for income taxes	96,032	(5,219)	20,831	14,109	(81,377)
Net income (loss)	31,483	(79,827)	(15,867)	(29,235)	(292,821)
Less: Income attributable to noncontrolling interest	—	—	—	(976)	(1,195)
Net income (loss) attributable to Willbros Group, Inc.	$31,483	$(79,827)	$(15,867)	$(30,211)	$(294,016)
Reconciliation of net income (loss) attributable to Willbros Group, Inc.					
Loss from continuing operations	$(64,549)	$(74,608)	$(36,698)	$(43,344)	$(211,444)
Income (loss) from discontinued operations	96,032	(5,219)	20,831	13,133	(82,572)
Net income (loss) attributable to Willbros Group, Inc.	$31,483	$(79,827)	$(15,867)	$(30,211)	$(294,016)
Basic income (loss) per share attributable to Company shareholders:					
Continuing operations	$(1.12)	$(1.51)	$(0.76)	$(0.90)	$(4.45)
Discontinued operations	1.66	(0.11)	0.44	0.27	(1.74)
Net income (loss)	$0.54	$(1.62)	$(0.32)	$(0.63)	$(6.19)

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Diluted income (loss) per share attributable to Company shareholders:					
Continuing operations	$(1.12)	$(1.51)	$(0.76)	$(0.90)	$(4.45)
Discontinued operations	1.66	(0.11)	0.44	0.27	(1.74)
Net income (loss)	$0.54	$(1.62)	$(0.32)	$(0.63)	$(6.19)
Cash Flow Data:					
Cash provided by (used in):					
Operating activities	$(4,195)	$(60,106)	$2,469	$(35,738)	$11,713
Investing activities	209,833	39,230	25,955	22,236	58,376
Financing activities	(166,642)	1,596	(37,630)	6,574	(147,296)
Effect of exchange rate changes	(3,437)	(1,057)	(1,564)	(2,137)	(449)
Balance Sheet Data (at period end):					
Cash and cash equivalents	$58,832	$22,565	$42,096	$48,154	$52,327
Total assets	445,608	692,207	870,668	978,246	861,771
Total liabilities	268,208	578,382	681,894	771,913	630,193
Total debt	95,821	271,384	262,817	292,610	266,570
Stockholders’ equity	177,400	113,825	188,774	206,333	231,578
Other Financial Data (excluding discontinued operations):					
12 Month Backlog (at period end)(1)	$432,217	$548,552	$800,961	$778,544	$536,253
Capital expenditures, excluding acquisitions	2,183	11,452	12,975	9,159	8,471
Adjusted EBITDA from continuing operations(2)	(19,461)	15,618	39,802	34,272	7,986
Number of employees (at period end):	3,579	7,959	9,399	12,054	8,810

(1) Backlog broadly consists of anticipated contract revenue from the uncompleted portions of existing contracts and contracts whose award is reasonably assured, subject only to the cancellation and modification provisions contained in various contracts. 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 with the customer.

(2) 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 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 2015 Form 10-K, particularly in Item 1A "Risk Factors" and in "Forward-Looking Statements."

OVERVIEW

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

2015 Year in Review

Willbros made significant changes in its operating, financial and governance structures in 2015.

In response to earlier project execution issues and a growing concern about market conditions, we downsized overheads and indirect operating costs across all segments. More specifically, we completely reshaped our Oil & Gas segment, including the exit from our regional delivery model and the rationalization of our equipment fleet, to better support anticipated work levels. We believe these actions will improve our cost-competitive position and align our segments with current market opportunities.

On November 30, 2015, we sold the balance of our Professional Services segment to TRC for $130.0 million in cash, subject to working capital and other adjustments. The completion of this sale enabled us to reduce our Term Loan debt to under $100.0 million and strengthen our overall balance sheet. We believe this healthier capital structure will mitigate customer confidence issues and other constraints.

As a result of the Professional Services sale, the results of operations, financial position, cash flows and disclosures of the Professional Services segment, including the previously sold subsidiaries in 2015 of Downstream Professional Services, Premier and UtilX, are presented as discontinued operations for all periods presented.

With respect to governance, our Board of Directors acknowledged the advisory vote of shareholders endorsing a de-classification of directors and stated its intent to offer a proposal to de-classify at the Annual Meeting to be held in June 2016. We also elected a new non-executive Chairman and named a new Chief Executive Officer in December 2015, separating the previously combined positions, as we dealt with the restructuring of the Company. Our Board of Directors also benefited from greater financial expertise and experience as we added a new Audit Committee Chairman and fully remediated our previously reported material weaknesses in internal control over financial reporting.

In summary, our actions in 2015 were directed at reducing our overheads and embedded costs, reshaping our Oil & Gas segment, reducing operating risk across the company, strengthening our balance sheet, and improving governance, which is viewed as a precursor to operational excellence.

We will continue to monitor the market conditions we face and are prepared to take additional corrective action if the business environment deteriorates further.

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Looking Forward

We expect oil prices to remain under pressure for all of 2016 and, therefore, have sized Willbros to be competitive in its end markets assuming price pressures will remain.

Our Oil & Gas segment is sized to perform project work across its balanced service offering. We expect continued uncertainty around oil prices, which will undoubtedly cause delays or even cancellation of certain projects. That said, we believe this segment is far less dependent upon pipeline construction revenue than in the past and has opportunities for tank, terminal, facility, integrity and pipeline construction projects. We believe the debt reduction we have achieved will ease the concerns about our financial condition.

In our Canada segment, we recorded slightly better than break-even operating results in a challenging and competitive market and expect revenue and margins to be similar for 2016. We do not expect operators in the oil sands to cease operations due to the high costs of halting and then restarting production, but we do expect competition for maintenance spend and any small capital projects to be intense.

Our Utility T&D segment is positioned for growth and we have identified multiple opportunities to expand our transmission construction, as well as distribution services. Our legacy Texas market will remain our largest, and, while industry reports indicate that major project activity has plateaued, our success in establishing new customers in ten states, and our relevant experience on capital construction projects in the $25.0 million to $50.0 million range indicates continued growth and improvement in operating results in 2016.

Willbros will have better relative liquidity entering 2016 with an expectation of contract revenue around $1.0 billion. Our operational structure is leaner, with the Oil & Gas segment consolidated to locations in Tulsa, Houston and Pittsburgh, our Canada segment aligned with and performing well in a competitive market, and our Utility T&D segment in growth mode.

Other Financial Measures

Backlog

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

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

At December 31, 2015, total backlog was approximately $826.8 million and 12 month backlog was approximately $432.2 million. In comparison to December 31, 2014, total backlog decreased approximately $274.9 million and 12 month backlog decreased approximately $116.3 million. These decreases are primarily related to the burn-off of backlog out-pacing additions in all segments, as well as the continued work-off of MSAs, which are subject to renewal options in future years.

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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, 2015 and 2014 and our 12 month year-end backlog for each of the last five years:

	As of December 31,															
	2015								2014							
	12 Month	Percent		Total	Percent				12 Month	Percent		Total	Percent			
Oil & Gas	$46,810	10.9	%	$48,810	5.9	%			$106,267	19.3	%	$109,840	10.0	%		
Utility T&D	274,610	63.5	%	622,629	75.3	%			295,957	54.0	%	803,392	72.9	%		
Canada	110,797	25.6	%	155,379	18.8	%			146,328	26.7	%	188,508	17.1	%		
Total Backlog	$432,217	100.0	%	$826,818	100.0	%			$548,552	100.0	%	$1,101,740	100.0	%		

	As of December 31,					
	2015			2014		
	Total	Percent		Total	Percent	
Total Backlog by Geographic Region						
United States	$671,439	81.2	%	$913,232	82.9	%
Canada	155,379	18.8	%	188,508	17.1	%
Backlog	$826,818	100.0	%	$1,101,740	100.0	%

	As of December 31,				
	2015	2014	2013	2012	2011
12 Month Backlog	$432,217	$548,552	$800,961	$778,544	$536,253

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

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

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

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

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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,				
	2015	2014	2013	2012	2011
Loss from continuing operations attributable to Willbros Group, Inc.	$(64,549)	$(74,608)	$(36,698)	$(43,344)	$(211,444)
Interest expense, net	27,203	30,359	31,220	29,347	44,933
Provision (benefit) for income taxes	(54,031)	229	(3,992)	(5,278)	(33,560)
Depreciation and amortization	27,200	31,873	34,436	38,363	43,076
Debt covenant suspension and extinguishment charges	39,178	15,176	11,573	3,405	6,304
Stock-based compensation	6,605	12,475			