Willbros Group, Inc.\NEW\
Form 10-K
February 28, 2014
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2013

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 x

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 x

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 x 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 x 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 x
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 x

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 28, 2013) was $251,283,000.

The number of shares of the Registrant s Common Stock outstanding at February 19, 2014 was 49,863,655.

DOCUMENTS INCORPORATED BY REFERENCE

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

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WILLBROS GROUP, INC.

FORM 10-K

YEAR ENDED DECEMBER 31, 2013

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PART IV

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FORWARD-LOOKING STATEMENTS

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

- curtailment of capital expenditures and the unavailability of project funding in the oil and gas, refinery, petrochemical and power industries;
- project cost overruns, unforeseen schedule delays and the application of liquidated damages;
- failure to obtain the timely award of one or more projects;
- increased capacity and decreased demand for our services in the more competitive industry segments that we serve;
- reduced creditworthiness of our customer base and higher risk of non-payment of receivables;
- inability to lower our cost structure to remain competitive in the market or to achieve anticipated operating margins;
- inability of the energy service sector to reduce costs when necessary to a level where our customers project economics support a reasonable level of development work;
- 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;

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 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 consequences we may encounter if we are unable to make payments required of us pursuant to our settlement agreement of the West African Gas Pipeline Company Limited lawsuit;

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;

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;

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

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 execute cost-reimbursable projects within the target cost, thus eroding contract margin and, potentially, contract income on any such project;

Inability to obtain adequate financing on reasonable terms;

inability to obtain sufficient surety bonds or letters of credit;

inability to comply with the financial and other covenants in our 2013 Credit Facilities;

loss of the services of key management personnel;

the demand for energy moderating or diminishing;

downturns in general economic, market or business conditions in our target markets;

changes in and interpretation of U.S. and foreign tax laws that impact our worldwide provision for income taxes and effective income tax rate;

changes in applicable laws or regulations, or changed interpretations thereof, including climate change regulation;

changes in the scope of our expected insurance coverage;

inability to manage insurable risk at an affordable cost;

enforceable claims for which we are not fully insured;

incurrence of insurable claims in excess of our insurance coverage;

the occurrence of the risk factors listed elsewhere in this Form 10-K or described in our periodic filings with the SEC; and

other factors, most of which are beyond our control.

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

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

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PART I

Items 1. and 2. Business and Properties

General

Willbros is a specialty energy infrastructure contractor serving the oil, gas, refinery, petrochemical and power industries. Our offerings include engineering, procurement and construction (either individually or as an integrated EPC service offering), turnarounds, maintenance, facilities development and operations services. We believe our long experience and expertise in the planning and execution of projects differentiates us from our competitors and provides us with competitive advantages in the markets we serve. Our engineering and project management capabilities position us for early involvement in projects and support our EPC service offering. Our maintenance capabilities provide us the opportunity to participate in the full life cycle of projects, many of which have design lives of more than 25 years.

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 countries where such subsidiaries are necessary or useful to comply with local laws or tax objectives.

Company Information

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

In addition, we currently make available on our website annual reports to stockholders. You will need to have the Adobe Acrobat Reader software on your computer to view these documents which are in the .PDF format. A link to Adobe Systems Incorporated s website is provided to assist with obtaining this software.

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

Business Segments

Our segments are comprised of strategic businesses that are defined by the industries or geographic regions they serve. Each is managed as an operation with well established strategic directions and performance requirements. Management evaluates the performance of each operating segment based on operating income, strategic execution, cash management and various other measures. To support our segments we have a focused corporate operation led by our executive management team, which, in addition to oversight and leadership, provides general, administrative and financing functions for the organization. The costs to provide these services are allocated, as are certain other corporate costs, to the four operating segments.

Through our business segments we have been employed by more than 400 clients to carry out work in over 60 countries. These segments operated primarily in the United States and Canada during 2013 and the United States, Canada and Oman during 2012. We exited Oman in January 2013. Within the past 10 years, we have worked in Asia, Europe, North America, the Middle East, Africa, and South America. Private sector clients have historically accounted for the majority of our revenue. Governmental entities and agencies have accounted for the remainder. One of our customers in our *Utility T&D* segment, Oncor, was responsible for 11.5 percent, 16.3 percent and 15.5 percent of our consolidated revenue for 2013, 2012 and 2011, respectively. Another one of our customers in both our *Oil & Gas* and *Professional Services* segments, Enterprise Products Partners L.P., was responsible for 10.4 percent of our consolidated revenue in 2013.

See Note 12 Segment Information in Item 8 of this Form 10-K for more information on our operating segments and our continuing operations contract revenue by geographic region.

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Oil & Gas

We provide construction, project management, maintenance and lifecycle extension services to the upstream, midstream and downstream markets. In the upstream and midstream markets, our history of executing large and complex pipeline projects has positioned us to participate in growing markets relative to the smaller gathering and processing systems needed to support the extensive oil and gas drilling activity in the United States as well as constructing pipelines to connect these resources to end-markets. In the downstream market, we provide integrated, full-service specialty construction, turnaround, repair and maintenance services to major integrated oil companies, independent refineries, product terminals and petrochemical companies. We provide these services primarily in the United States; however, our experience includes international projects. We believe that these service offerings, combined with our industry experience in large oil and gas infrastructure projects, allow us to meet our customers needs for safety, quality, schedule certainty, and local presence at a competitive price.

Pipeline Construction

We focus on providing our customers the services they want in the geographies they want. Over the past two years we have worked diligently to expand our geographic footprint to align our regional service delivery with the oil and gas exploration taking place in the United States. Our earliest success was attributed to the focus and execution of upstream infrastructure projects and that capability remains today. With the expansion of liquids-rich production in the United States the demand for pipeline construction has geographically shifted. No longer driven by large diameter long distance projects to deliver natural gas to the eastern corridor, demand has shifted to expanding existing infrastructure capacity as well as building new take-away capacity from these new production regions to existing systems. While the projects may not be as large, they are plentiful and still require the technical excellence that we believe we have built over our 100-plus year history.

We are applying our core strengths of engineering, construction and maintenance of oil and gas infrastructure projects to provide multiple services needed to support field development including gathering, production and processing systems. This approach leverages our experience and allows us to utilize it in new ways. We now have regional offices throughout the United States from which we offer the market a full range of infrastructure design, construction and maintenance services to support expanding exploration and production. These regional offices also provide us with broader exposure to existing and new clients and position us to expand the services we offer.

Facilities Construction

Companies in the hydrocarbon value chain require certain facilities in the course of producing, processing, storing and transporting oil, gas, refined products and chemicals. We are experienced in and capable of constructing facilities such as pump stations, flow stations, gas processing facilities, gas compressor stations and metering stations. We are focused on building these facilities in the United States oil and gas market. The construction of station facilities, while not as capital-intensive as pipeline construction, is generally characterized by complex logistics and scheduling, particularly on projects in locations where seasonal weather patterns limit construction options. Our capabilities have been enhanced by our experience in dealing with such challenges on numerous projects in all climatic conditions.

Integrity Construction

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

Fabrication

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

Downstream Construction, Maintenance and Turnaround Services

When performing a construction and maintenance project as part of a refinery turnaround, detailed planning and execution is imperative in order to minimize the duration of the outage, which can cost owners millions of dollars in downtime. Our experience includes successful turnaround execution on the largest, most complex Fluid Catalytic Cracking (FCC) units. Our record in providing a construction-driven approach with attention to planning, scheduling and safety places us at the forefront of qualified bidders in North America for work on FCC units and qualifies us for most turnaround projects of interest. Our downstream services include refractory services, furnace re-tube and revamp projects, stainless and alloy welding services and heavy rigging and equipment setting. The skills and experience gained from our turnaround performance is complementary to our construction services for new units, expansions and revamp projects.

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Tank Services

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

Natural Gas Distribution Pipeline

We construct, maintain and upgrade natural gas distribution pipelines. Our services include trenching, transporting, welding or fusing and laying pipe, post-construction integrity testing, site restoration and meter setting.

Professional Services

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

Engineering Services

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

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

Integrity Services

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

Integra Link™

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

EPC Services

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

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The refining and petrochemical industries strive to minimize costs through operating efficiencies and hiring experienced process engineering as needed. It is often more cost effective to engage a contractor to oversee and manage the planning, engineering, procurement, installation and commissioning of new capacity additions, revamps or new process units to support the need to meet new refining or manufacturing specifications. Our experience and capability covers the breadth of all process units in both refineries and petrochemical plants, allowing us to offer clients a single source solution for expansion and revamp programs. We seek to do this in the most efficient, competitive manner and supply both our own personnel and supplemental services of other contractors as needed.

Contact Voltage and Gas Leak Detection

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

Utility-line Locating

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

Utility T&D

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

Electric Power T&D Services

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

Electric Power Transmission and Substation

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

Electric Power Distribution

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

Emergency Storm Response

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

Cable Restoration and Assessment

In the U.S. and internationally, we offer services to utilities and industrial companies for the restoration of electrical power cables and the condition assessment of electrical cable systems.

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.

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Natural Gas T&D Services

We provide a full spectrum of natural gas T&D services, from the maintenance and construction of large diameter transmission pipelines through the installation of residential natural gas service.

Canada

In Canada, Willbros is an industry leader in construction, maintenance and fabrication, well known for piping projects, including integrity and supporting civil work, general mechanical and facility construction, API storage tanks, general and modular fabrication, along with electrical and instrumentation projects serving the Canadian energy industry. We have had specialized facilities and offices throughout Alberta since 2001 in Fort McMurray, Edmonton and Calgary. These offices are locally staffed with dedicated and experienced professionals, ideally suited to serve our clients in Western Canada particularly in the oil sands. We are an oil and gas infrastructure construction and maintenance contractor, providing a diverse and complementary suite of services to meet our clients expectations through safe, productive, high quality execution in the field. We continue to explore and evaluate the market for opportunities that augment our service offering and create more value added experiences for our customers.

Construction & Maintenance

A cornerstone of our business is the construction and maintenance of Hydrotransport and Tailings Lines (HTTL) in the oil sands mine sites of the Wood Buffalo region of Northern Alberta. Our expertise is not only in new construction of the HTTL, but also the ongoing rotation and maintenance of these lines as well. Our scope will also include other pipeline projects both above and below ground ranging in size from 2 to greater than 48 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 to perform civil earthworks including corridor construction, trenching, backfill, grading, road construction, crossings and bores, berms, pipe culverts, excavation and hauling.

Projects & Specialty Services

Projects and specialty services include a range of new construction project work including both above and below ground piping. Our expertise includes piping tie-ins, gathering systems, looping systems and steam lines typically serving pipeline operators, producer and Steam Assisted Gravity Drainage facilities. Over the last year, an increased focus and strategy has been directed towards pipeline integrity work including dig-ups and repairs. Regulators, industry and public concern continue to emphasize and require more robust integrity programs to ensure safety and reliable leak-free performance. We are well positioned with talented crews, equipment and supervision to perform pipeline and integrity work safely, on time and on budget.

Electrical and Instrumentation Services

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

Tanks

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

Facilities

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

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Fabrication

Ideally located on 23 acres of land accessible to the high load corridor in Edmonton, sits our state of the art fabrication facility. This 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. We also perform pipe spool and other general fabrication of expansion barrels, block valves, traps and other piping related components including double jointing and handling. Finally, our yard is able to stand, stage and fabricate modules of various sizes and designs, typically pipe rack, equipment, process and pump house modules.

Our Vision

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

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

- Diversifying geographically to broaden our regional presence and our exposure to customers who demand local service providers;
- Increasing professional services (project/program management, engineering, design, procurement and logistics) capabilities to minimize cyclicality and risk associated with large capital projects in favor of recurring service work;
- Managing our resources to mitigate the seasonality of our business model;
- Positioning Willbros as a service provider and employer of choice;
- Developing long-term client partnerships and alliances by focusing team driven sales efforts on key clients and exceeding performance expectations at competitive prices; and
- Establishing industry best practices, particularly for safety and performance.

Our Values

We believe the values we adhere to as an organization shape the relationships and 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 and our stakeholders;
- Honesty & Integrity always do the right thing;
- Our People respect and care for their wellbeing and development; maintain an atmosphere of trust, empowerment and teamwork; ensure the best people are in the right position;
- 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.

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Our Strategy

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

Stabilize the Revenue Stream with Recurring Services

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

Focus on Managing Risk

We have implemented a core set of business conduct practices and policies that have fundamentally improved 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.

Maintain Financial Flexibility

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

Leverage Core Service Expertise into Additional Full EPC Contracts

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

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, North American Energy Services, Flint Energy Services, Ledcor, AltairStrickland, JV Industrial Companies, Plant Performance Services, Kellogg Brown & Root (KBR), Chicago Bridge & Iron and Matrix Services. In addition, there are a number of regional competitors such as Sunland, Dyess and Jomax.

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

Utility T&D Segment Quanta Services, MYR Group, MasTec and Pike Electric and larger privately-held companies such as Henkels & McCoy, Michels Corporation and Miller Pipeline.

Canada Segment Michels Corporation, North American Energy Services, Flint Energy Services, Ledcor, KBR and OJ Pipelines.

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Contract Provisions and Subcontracting

Most of our revenue is derived from engineering, construction and EPC contracts. The majority of our contracts fall into the following basic categories:

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

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 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.

All U.S. government contracts and many of our other 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 and when acting as a subcontractor, we perform most of the work on our projects with our own resources and typically subcontract only such 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.

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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. We expect that industry trends could result in an increase in the proportion of our contracts being performed on a unit-price or fixed-price basis resulting in more 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.

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Termination. Oncor could in some cases seek to terminate for cause or limit our activity or seek to assess penalties against us under the agreement. Oncor may terminate the agreement upon 90-days notice or any work request thereunder without prior notice in each case at its sole discretion and may terminate the agreement upon 30-days notice in the event there is an announcement of the intent to undertake or an actual occurrence of a change in control of Oncor or Willbros Utility T&D Holdings, LLC. Oncor may also terminate the agreement for cause if, among other things, we breach and fail to adequately cure a representation or warranty under the agreement, we materially or repeatedly default in the performance of our material obligations under the agreement or we become insolvent.

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

Employees

At December 31, 2013, we directly employed a multi-national work force of 9,399 persons, of which approximately 97.4 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 8,145 over the past five years. The minimum employment during that period has been 3,714 and the maximum was 12,054. At December 31, 2013, approximately 18.4 percent of our employees were covered by collective bargaining agreements. We believe relations with our employees are satisfactory. The following table sets forth the location of employees by work countries as of December 31, 2013:

	Number of Employees	Percent
U.S. *Oil & Gas*	3,996	42.5%
U.S. *Professional Services*	1,941	20.6%
U.S. *Utility T&D*	2,163	23.0%
U.S. Administration	176	1.9%
Canada	1,114	11.9%
Utility T&D International	9	0.1%
Total	9,399	100.0%

Equipment

We own, lease and maintain a fleet of generally standardized construction, transportation and support equipment. In 2013, 2012 and 2011, expenditures for capital equipment were $16.3 million, $10.7 million and $10.0 million, respectively. At December 31, 2013, the net book value of our property, plant and equipment was approximately $111.6 million.

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

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Facilities

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

	Principal Facilities		
Business	**Location**	**Description**	**Ownership**
U.S. Oil & Gas	Houston, TX	Office space	**Lease**
	Splendora, TX	Office and general warehouse	**Own**
	Channelview, TX	Office and general warehouse	**Lease**
	Odessa, TX	Office and general warehouse	**Lease**
	George West, TX	Office and general warehouse	**Lease**
	Ponder, TX	Office and general warehouse	**Lease**
	Tuttle, OK	Office and general warehouse	**Lease**
	Tulsa, OK	Manufacturing, general warehousing and office space	**Own**
	Catoosa, OK	Manufacturing, general warehousing and office space	**Own**
	Hobbs, NM	Office and general warehouse	**Lease**
	Carlsbad, NM	Office and general warehouse	**Lease**
	Gillette, WY	Office and general warehouse	**Lease**
	Casper, WY	Office and general warehouse	**Lease**
	Baton Rouge, LA	Office and general warehouse	**Lease**
	Greeley, CO	Office and general warehouse	**Lease**
	Watford City, ND	Office and general warehouse	**Lease**
	Carrolton, OH	Office and general warehouse	**Lease**
	Adrian, MI	Office and general warehouse	**Lease**
	Pittsburgh, PA	Office and general warehouse	**Lease**
U.S. Professional Services	Houston, TX	Office space	**Lease**
	Tulsa, OK	Office space	**Lease**
	Kansas City, MO	Office space	**Lease**

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Principal Facilities

Business	Location	Description	Ownership
	St. Rose, LA	Office space	**Lease**
	Hauppauge, NY	Office space	**Lease**
	Englewood, CO	Office space	**Lease**
	Baton Rouge, LA	Office space	**Lease**
Utility T&D	Buckeburg, Germany	Office and general warehouse	**Lease**
	Kent, WA	Office and general warehouse	**Lease**
	McKinney, TX	Office and general warehouse	**Lease**
	Ft. Worth, TX	Office space	**Lease**
	Jacksonville, VT	Office and general warehouse	**Lease**
Canada	Ft. McMurray, Alberta, Canada	Lay down area	**Lease**
	Ft. McMurray, Alberta, Canada	Office space	**Lease**
	Edmonton, Alberta, Canada	Fabrication and manufacturing facility	**Lease**
	Acheson, Alberta, Canada	Office space and equipment yard	**Lease**
	Edmonton, Alberta, Canada	Office space	**Lease**
	Calgary, Alberta, Canada	Office space	**Lease**
	Calgary, Alberta, Canada	Electrical and instrumentation facility	**Lease**
Corporate Headquarters	Houston, TX	Office space	**Lease**

We lease other facilities used in our operations, primarily sales/shop offices, equipment sites and expatriate housing units in the United States and Canada. Rent expense for all leased facilities was approximately $15.1 million in 2013, $12.3 million in 2012 and $8.8 million in 2011.

Insurance and Bonding

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

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The insurance protection we maintain may not be sufficient or effective under all circumstances or against all hazards to which we may be subject. An enforceable claim for which we are not fully insured could have a material adverse effect on our results of operations. In the future, our ability to maintain insurance, which may not be available or at rates we consider reasonable, may be affected by events over which we have no control, such as those that occurred on September 11, 2001. In 2013, we were not constrained by our ability to bond new projects, nor have we been negatively impacted in early 2014.

Global Warming and Climate Change

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

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

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

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, refinery, petrochemical and electric power companies on infrastructure.

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

current and projected oil, gas and electric power prices, as well as refining margins;

the demand for gasoline and electricity;

the abilities of oil and gas, refinery, petrochemical and electric power companies to generate, access and deploy capital;

exploration, production and transportation costs;

the discovery rate and location of new oil and gas reserves;

the sale and expiration dates of oil and gas leases and concessions;

regulatory restraints on the rates that electric power companies may charge their customers;

local and international political and economic conditions; and

technological advances.

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

We are subject to a number of financial and other covenants under our 2013 Credit Facilities, including a Maximum Total Leverage Ratio and a Minimum Interest Coverage Ratio. The Maximum Total Leverage Ratio decreases from 4.00 to 1.00 at December 31, 2013 to 3.50 to 1.00 as of March 31, 2014, 3.00 to 1.00 as of June 30, 2014 and 2.75 to 1.00 as of March 31, 2015. The Minimum Interest Coverage Ratio increases from 3.25 to 1.00 at December 31, 2013 to 3.50 to 1.00 as of March 31, 2014. We were in compliance with each of these financial covenants as of December 31, 2013. Our financial performance will need to continue to improve over 2013 in order to remain in compliance with these increasingly stringent financial covenants. Although our internal forecast indicates that we will continue to comply during 2014, there is no assurance that we will be able to maintain compliance with these financial covenants.

In order to ensure compliance with our Maximum Total Leverage Ratio, Minimum Interest Coverage Ratio and other financial covenants, we may elect to prepay our credit agreement indebtedness by accessing capital markets, through proceeds of the sale of non-strategic assets, with cash on hand or through the reduction of overhead. However, we can provide no assurance that we will be successful in disposing of our non-strategic assets, accessing capital markets on terms we consider favorable or reducing costs in amounts sufficient to comply with our financial covenants. Moreover, if our results of operations are weaker than our forecast, we may not have sufficient cash on hand to prepay sufficient credit agreement indebtedness in order to avoid a financial covenant default and fund our working capital requirements.

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

Even if we successfully comply with our financial covenants, we may suffer adverse consequences if our unused availability under the ABL Credit Facility drops below certain levels. If our unused availability under the ABL Credit Facility is less than the greater of (i) 15 percent of the revolving commitments or $22.5 million for five consecutive days, or (ii) 12.5 percent of the revolving commitments or $18.8 million at any time, we are subject to increased reporting requirements, the administrative agent will have exclusive control over any deposit account, we will not have any right of access to, or withdrawal from, any deposit account, or any right to direct the disposition of funds in any deposit account, and amounts in any deposit account will be applied to reduce the outstanding amounts under the ABL Credit Facility. Our unused availability under the ABL Credit Facility at December 31, 2013 was $70.9 million.

We may be subject to further legal action if we are unable to make payments required of us pursuant to our settlement agreement of the WAPCo lawsuit.

On March 29, 2012, Willbros Global Holdings, Inc., formerly known as Willbros Group, Inc., a Panama corporation (WGHI), which is now one of our subsidiaries and holds a portion of our non-U.S. operations, and Willbros Group, Inc. (WGI) entered into a settlement agreement with West African Gas Pipeline Company Limited (WAPCo) to settle the litigation which was instituted in the London High Court by WAPCo against WGHI in 2010 (the Settlement Agreement). In the litigation, WAPCo had asserted claims against WGHI totaling $273.7 million plus costs and interest. For additional information regarding this litigation, see Note 16 Discontinued Operations of our Notes to

Consolidated Financial Statements in Item 8 of Part II of this Form 10-K.

The Settlement Agreement provides that WGHI will make payments to WAPCo totaling $55.5 million. A total of $19.0 million was paid in 2012 and 2013. Of the remaining $36.5 million due to WAPCo, $3.8 million is due at the end of the second quarter of 2014 and $32.7 million is due at the end of the fourth quarter of 2014. The Company intends to fund the final payments under the Settlement Agreement through cash flow from operations, proceeds from additional asset sales, or through available borrowings under the ABL Credit Facility.

WGI and WGHI are jointly and severally liable for payment of the amount due to WAPCo under the Settlement Agreement. WGHI and WGI are subject to a penalty rate of interest and collection efforts in the London court in the event they fail to meet any of the payments required by the Settlement Agreement.

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 WG and its subsidiary, Willbros International, Inc. (WII). Also in May 2008, we reached a final settlement with the SEC to resolve its previously disclosed investigation of possible violations of the FCPA and possible violations of the Securities Act of 1933 and the Securities Exchange Act of 1934. These investigations stemmed primarily from our former operations in Bolivia, Ecuador and Nigeria. We made the final payments under these settlements in October 2011. The criminal information associated with the DPA was dismissed, with prejudice, on April 2, 2012.

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

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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 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. 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.

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.

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As disclosed in our prior annual reports on Form 10-K, we identified material weaknesses in financial reporting as of December 31, 2011 and 2010 and for the years 2004 through 2007. These material weaknesses led to the restatement of our previously issued consolidated financial statements for fiscal years 2002 and 2003, the first three quarters of 2004 and the first three quarters of 2011. In addition, InfrastruX identified a material weakness in its reporting systems in connection with its fiscal 2008 audit. 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.

Our storm restoration revenues are highly volatile and unpredictable, which could result in substantial variations in, and uncertainties regarding, our results of operations generated by our *Utility T&D* business.

Revenues derived from our storm restoration services are highly volatile and uncertain due to the unpredictable nature of weather-related events. InfrastruX s annual storm restoration revenues have been as high as $67.0 million in 2008 when InfrastruX experienced the largest storm restoration revenues in its history as several significant hurricanes impacted the Gulf Coast and Florida and ice storms affected the Northeast, but storm restoration revenues were approximately $9.4 million and $9.0 million in 2013 and 2012, respectively. Therefore, InfrastruX s storm restoration revenues for 2008 are not indicative of the revenues that this business typically generates in any period or can be expected to generate in any future period. Our *Utility T&D* segment s revenues and operating income will likely continue to be subject to significant variations and uncertainties due to the volatility of our storm restoration volume. We may not be able to generate incremental revenues from storm activities to the extent that we do not receive permission from our regular customers to divert resources from their projects to the restoration work for customers with which we do not have ongoing MSA relationships. In addition, our storm restoration revenues are offset in part by declines in our T&D services because we staff storm restoration mobilizations by diverting resources from our T&D services.

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

A significant portion of our business in our *Utility T&D* segment is performed outdoors. Consequently, our results of operations are exposed to seasonal variations and inclement weather. Our *Utility T&D* segment performs less work in the winter months, and work is hindered during other inclement weather events. 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.

We depend on our ability to protect our intellectual property and proprietary rights in our cable restoration and testing businesses, and we cannot be certain of their confidentiality and protection. We are also subject to increasing competition from alternative technologies.

Our success in the cable restoration and testing markets depends in part on our ability to protect our proprietary products and services. If we are unable to protect our proprietary products and services, our cable restoration and testing business may be adversely affected. To protect our proprietary technology, we rely primarily on trade secrets and confidentiality restrictions in contracts with employees, customers and other third parties. We also have a license to use the patents Dow Corning Corporation holds from the U.S. Patent and Trademark Office relating to our CableCURE® product. In addition, we hold a number of U.S. and international patents, most of which relate to certain materials used in treating cables with CableCURE®. We also hold the patent and trademark to CableWISE®. If we fail to protect our intellectual property rights adequately, our competitors may gain access to that technology, and our cable restoration business may be harmed. Any of our intellectual property rights may be challenged by others or invalidated through administrative processes or litigation. Despite our efforts to protect our proprietary technology, unauthorized

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persons may be able to copy, reverse engineer or otherwise use some of our proprietary technology. Furthermore, existing laws may afford only limited protection, and the laws of certain countries in which we operate do not protect proprietary technology as well as established law in the United States. For these reasons, we may have difficulty protecting our proprietary technology against unauthorized copying or use or maintaining our market share with respect to our proprietary technology offerings. In addition, litigation may be necessary to protect our proprietary technology. This type of litigation is often costly and time consuming, with no assurance of success.

In recent years our cable restoration business in our *Utility T&D* segment has begun to face increasing competition from alternative technologies. Our CableCURE® product sales may be adversely affected by technological improvements made by one or more of our competitors and/or the expiration of our exclusive intellectual property rights in such technology. If we are unable to keep pace with current or future technological advances in cable restoration, our business, financial condition and results of operations could suffer.

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

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

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

We operate primarily in the oil and gas, refinery, petrochemical and electric power industries, providing services to a limited number of clients. Much of our success depends on developing and maintaining relationships with our major clients and obtaining a share of contracts from these clients. The loss of any of our major clients could have a material adverse effect on our operations. One client was responsible for approximately 11.5 percent of total contract revenue in 2013. This client was also responsible for 14.6 percent of our 12 month backlog and 40.5 percent of our total backlog at December 31, 2013.

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 material adjustments that would adversely affect our operating results.

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

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

The continued threat of terrorism and the impact of military and other action will likely lead to continued volatility in prices for crude oil and natural gas and could affect the markets for our operations. In addition, future acts of terrorism could be directed against companies operating both outside and inside the United States. Further, the U.S. government has issued public warnings that indicate that pipelines and other energy assets might be specific targets of terrorist organizations. These developments may subject our operations to increased risks and, depending on their ultimate magnitude, could have a material adverse effect on our business.

Our operations are subject to a number of operational risks.

Our business operations include pipeline construction, fabrication, pipeline rehabilitation services and construction and turnaround and maintenance services to refiners and petrochemical facilities. We also provide a wide range of services in electric power and natural gas transmission and distribution. These operations involve a high degree of operational risk. Natural disasters, adverse weather conditions, collisions and operator error could cause personal injury or loss of life, severe damage to and destruction of property, equipment and the environment, and suspension of operations. In locations where we perform work with equipment that is owned by others, our continued use of the equipment can be subject to unexpected or arbitrary interruption or termination. The occurrence of any of these events could result in work stoppage, loss of revenue, casualty loss, increased costs and significant liability to third parties.

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

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

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

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.

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

We are self-insured against many potential liabilities.

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

Our operations expose us to potential environmental liabilities.

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

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

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

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

We are dependent upon the services of our executive management.

Our success depends heavily on the continued services of our executive management. Our management team is the nexus of our operational experience and customer relationships. Our ability to manage business risk and satisfy the expectations of our clients, stockholders and other stakeholders is dependent upon the collective experience and relationships of our management team. We do not maintain key man life insurance for these individuals. The loss or interruption of services provided by one or more of our senior officers could adversely affect our results of operations.

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.

Governmental regulations could adversely affect our business.

Many aspects of our operations are subject to governmental regulations in the countries in which we operate, including those relating to currency conversion and repatriation, taxation of our earnings and earnings of our personnel, the increasing requirement in some countries to make greater use of local employees and suppliers, including, in some jurisdictions, mandates that provide for greater local participation in the ownership and control of certain local business assets. In addition, we depend on the demand for our services from the oil and gas, refinery, petrochemical and electric power industries, and, therefore, our business is affected by changing taxes, price controls and laws and regulations relating to these industries generally. The adoption of laws and regulations by the countries or the states in which we may operate that are intended to curtail exploration and development drilling for oil and gas or the development of electric power generation facilities for economic and other policy reasons, could adversely affect our operations by limiting demand for our services.

Our operations are also subject to the risk of changes in laws and policies which may impose restrictions on our business, including trade restrictions, which could have a material adverse effect on our operations. Other types of governmental regulation which could, if enacted or implemented, adversely affect our operations include:

- expropriation or nationalization decrees;
- confiscatory tax systems;
- primary or secondary boycotts directed at specific countries or companies;

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- embargoes;
- extensive import restrictions or other trade barriers;
- mandatory sourcing and local participation rules;
- stringent local registration or ownership requirements;
- oil, gas or electric power price regulation;
- unrealistically high labor rate and fuel price regulation; and
- registration and licensing requirements.

Our future operations and earnings may be adversely affected by new legislation, new regulations or changes in, or new interpretations of, existing regulations, and the impact of these changes could be material.

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

Our international business operations may include projects in countries where corruption is prevalent. Since the anti-bribery restrictions of the FCPA make it illegal for us to give anything of value to foreign officials in order to obtain or retain any business or other advantage, we may be subject to competitive disadvantages to the extent that our competitors are able to secure business, licenses or other preferential treatment by making payments to government officials and others in positions of influence.

RISKS RELATED TO OUR COMMON STOCK

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

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

- the risk factors described in this Item 1A;
- a shortfall in operating revenue or net income from that expected by securities analysts and investors;

- changes in securities analysts estimates of our financial performance or the financial performance of our competitors or companies in our industries generally;
- general conditions in our customers industries; and
- general conditions in the securities markets.

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

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

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

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

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

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

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

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

Our authorized shares of common stock consist of 70 million shares. The issuance of additional common stock or securities convertible into our common stock would result in further dilution of the ownership interest in us held by existing stockholders. We are authorized to issue, without stockholder approval, one million shares of preferred stock, which may give other stockholders dividend, conversion, voting and liquidation rights, among other rights, which may be superior to the rights of holders of our common stock. While our Board of Directors has no present intention of authorizing the issuance of any such preferred stock, it reserves the right to do so in the future.

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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.

Item 4A. Executive Officers of the Registrant

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

Name	Age	Position(s)
Robert R. Harl	63	Director, President and Chief Executive Officer
Van A. Welch	59	Executive Vice President and Chief Financial Officer
James L. Gibson	63	Executive Vice President and Chief Operating Officer
Jerrit M. Coward	45	Executive Vice President, Business/Corporate Development
John K. Allcorn	52	Senior Vice President, Sales
Peter W. Arbour	65	Senior Vice President and General Counsel
Earl R. Collins	46	President, *Oil & Gas*
Michael J. Fournier	51	President, *Canada*
Johnny M. Priest	64	President, *Utility T&D*
Edward J. Wiegele	52	President, *Professional Services*

Robert R. Harl was elected to the Board of Directors and President and Chief Operating Officer of Willbros Group, Inc. in January 2006 and as Chief Executive Officer in January 2007. Mr. Harl has over 30 years experience working with KBR, a global engineering, construction and services company, and its subsidiaries in a variety of officer capacities, serving as President of several of KBR s business units. Mr. Harl s experience includes executive management responsibilities for units serving both upstream and downstream oil and gas sectors as well as power, governmental and infrastructure sectors. He was President and Chief Executive Officer of KBR from March 2001 until July 2004 when he was appointed Chairman, a position he held until January 2005. Mr. Harl was engaged as a consultant to Willbros from August 2005 until he became an executive officer and member of the Board of Directors of Willbros in January 2006. In October 2010, Mr. Harl resigned from the office of Chief Operating Officer prior to Mr. Gibson s election to that office.

Van A. Welch joined Willbros in 2006 as Senior Vice President, Chief Financial Officer and Treasurer of Willbros Group, Inc.; he served as Treasurer until September 2007, and re-assumed that office in July 2010. In May 2011, he was promoted to Executive Vice President, Chief Financial Officer and Treasurer. He resigned from the office of Treasurer in May 2012. Mr. Welch has over 30 years experience in project controls, administrative and finance positions with KBR, a global engineering, construction and services company, and its subsidiaries, serving in his last position as Vice President Finance and Investor Relations and as a member of KBR s executive leadership team. From 1998 to 2006, Mr. Welch held various other positions with KBR including Vice President, Accounting and Finance of the Engineering and Construction Division, Vice President, Accounting and Finance of Onshore Operations and Senior Vice President of Shared Services. Mr. Welch is a Certified Public Accountant.

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

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Jerrit M. Coward joined Willbros in 2002 as a Project Manager, and assumed full operations responsibility for our Nigerian operations in 2005, overseeing the discontinuation and sale of our Nigerian interests. He was promoted to President of our *Upstream Oil & Gas* segment in January 2008 and served as President of *Oil & Gas*, *Construction and Maintenance* until his promotion to Executive Vice President, Business/Corporate Development in January 2013. Prior to joining Willbros, he worked for Global Industries as Project Manager, Operations Manager and Commercial Manager. He has held foreign assignments in Nigeria and Mexico as well as executing international projects in various other countries. Mr. Coward is a graduate of Texas A&M University at Galveston with a Bachelor of Science in Maritime Systems Engineering.

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

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

Earl R. Collins joined Willbros in May 2013 as Senior Vice President, *Oil & Gas* and President of the *Oil & Gas* segment. Mr. Collins joined Willbros from CH2M HILL where he served as President & Global Director EPC & Construction Operations for their Energy and Chemicals group. Mr. Collins Worked for CH2M HILL from May 2008 to May 2013. He began his career as an engineer at Peter Kiewit Construction Company. During his seventeen years with that firm he served in capacities of increasing responsibility up to Senior Vice President and graduate of the Kiewit Executive Leadership Development Program. Mr. Collins is a member of the Rice Global E&C Forum and the Construction Users Round Table and the Construction Industry Institute and earned a Bachelor of Science degree in Construction Engineering from Iowa State University.

Michael J. Fournier joined Willbros in August 2011 as Chief Operating Officer before being promoted to Senior Vice President, *Canada* and President of the *Canada* segment in September 2012. Prior to joining Willbros he served as an Operations Manager for Lockerbie & Hole Industrial in 2005. He was subsequently promoted to Senior Manager (Business Unit President) of Lockerbie & Hole, Inc., and ended his tenure as President of Aecon Lockerbie Construction Group Inc. in 2011. Mr. Fournier has more than 29 years of experience in the Western Canada oil and gas service industry where he has held various executive and senior management positions with a number of industrial contractors operating in the Canadian oil sands. Mr. Fournier graduated from the University of Alberta with a Bachelor of Science in Mechanical Engineering and is registered with the Association of Professional Engineers, Geologists and Geophysicists of Alberta. He also served on the board of directors for Construction Labour Relations Alberta and Management Board for the Natural Sciences and Engineering Research Council of Canada Chair in

Construction Management for the University of Alberta.

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

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

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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, 2013:		
First Quarter	$ 9.96	$ 5.48
Second Quarter	10.45	6.13
Third Quarter	10.19	6.19
Fourth Quarter	10.30	7.87
For the year ended December 31, 2012:		
First Quarter	$ 5.14	$ 3.22
Second Quarter	6.76	3.45
Third Quarter	7.36	4.75
Fourth Quarter	5.78	4.07

Substantially all of our stockholders maintain their shares in street name accounts and are not, individually, stockholders of record. As of February 19, 2014, our common stock was held by approximately 162 holders of record and an estimated 4,630 beneficial owners.

Dividend Policy

Since 1991, we have not paid any cash dividends on our capital stock, except dividends in 1996 on our outstanding shares of preferred stock, which were converted into shares of common stock on July 15, 1996. We anticipate that we will retain earnings to support operations and to finance the growth and development of our business. Therefore, we do not expect to pay cash dividends in the foreseeable future. Our Amended and Restated 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 2013:

	Total Number of Shares Purchased (1)	Average Price Paid Per Share (2)	Total Number of Shares Purchased as	Maximum Number (or Approximate Dollar Value) of

				Part of Publicly Announced Plans or Programs	Shares That May Yet Be Purchased Under the Plans or Programs
October 1, 2013	October 31, 2013	481	$ 9.53		
November 1, 2013	November 30, 2013	10,265	9.00		
December 1, 2013	December 31, 2013	2,816	9.21		
Total		13,562	$ 9.06		

(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,				
	2013	**2012**	**2011**	**2010**	**2009**
Statement of Operations Data:					
Contract revenue	$ 2,018,783	$ 1,928,800	$ 1,376,369	$ 1,003,409	$ 1,120,441
Operating expenses (income):					
Contract	1,801,870	1,738,977	1,249,025	886,952	995,225
Amortization of intangibles	15,082	14,985	15,108	9,437	6,515
General and administrative	167,700	151,967	127,488	106,086	78,385
Goodwill impairment		8,067	178,575	60,000	
Changes in fair value of contingent earn-out liability			(10,000)	(45,340)	
Settlement of project dispute			8,236		
Acquisition costs				10,055	2,499
Other charges				3,771	12,694
Operating income (loss)	34,131	14,804	(192,063)	(27,552)	25,123
Interest expense, net	(30,729)	(29,393)	(45,035)	(27,639)	(8,411)
Other, net	(731)	(570)	(539)	1,553	(1,717)
Loss on early extinguishment of debt	(11,573)	(3,405)	(6,304)		
Income (loss) from continuing operations before income taxes	(8,902)	(18,564)	(243,941)	(53,638)	14,995
Provision (benefit) for income taxes	14,534	4,727	(33,558)	(28,951)	6,003
Income (loss) from continuing operations	(23,436)	(23,291)	(210,383)	(24,687)	8,992
Income (loss) from discontinued operations net of provision for income taxes	7,569	(5,944)	(82,438)	(11,142)	10,648
Net income (loss)	(15,867)	(29,235)	(292,821)	(35,829)	19,640
Less: Income attributable to noncontrolling interest		(976)	(1,195)	(1,207)	(1,817)
Net income (loss) attributable to Willbros Group, Inc.	$ (15,867)	$ (30,211)	$ (294,016)	$ (37,036)	$ 17,823
Reconciliation of net income (loss) attributable to Willbros Group, Inc.					

Income (loss) from continuing operations	$ (23,436)	$ (23,291)	$ (210,383)	$ (24,687)	$ 8,992
Income (loss) from discontinued operations	7,569	(6,920)	(83,633)	(12,349)	8,831
Net income (loss) attributable to Willbros Group, Inc.	$ (15,867)	$ (30,211)	$ (294,016)	$ (37,036)	$ 17,823
Basic income (loss) per share attributable to Company shareholders:					
Continuing operations	$ (0.48)	$ (0.49)	$ (4.43)	$ (0.58)	$ 0.24
Discontinued operations	0.16	(0.14)	(1.76)	(0.29)	0.22
Net income (loss)	$ (0.32)	$ (0.63)	$ (6.19)	$ (0.87)	$ 0.46
Diluted income (loss) per share attributable to Company shareholders:					
Continuing operations	$ (0.48)	$ (0.49)	$ (4.43)	$ (0.58)	$ 0.23
Discontinued operations	0.16	(0.14)	(1.76)	(0.29)	0.22
Net income (loss)	$ (0.32)	$ (0.63)	$ (6.19)	$ (0.87)	$ 0.45
Cash Flow Data:					
Cash provided by (used in):					
Operating activities	$ 2,469	$ (35,738)	$ 11,713	$ 46,871	$ 47,304
Investing activities	25,955	22,236	58,376	(404,651)	(34,036)
Financing activities	(37,630)	6,574	(147,296)	297,795	(28,481)
Effect of exchange rate changes	(1,564)	(2,137)	(449)	2,402	6,135
Balance Sheet Data (at period end):					
Cash and cash equivalents	$ 42,569	$ 48,778	$ 52,859	$ 111,924	$ 170,691
Working capital from continuing operations	214,891	210,746	121,538	219,980	244,128
Total assets	870,668	978,246	861,771	1,270,345	728,378
Total liabilities	681,894	771,913	630,193	746,805	240,383
Total debt	277,208	303,820	267,748	387,928	103,875
Stockholders equity	188,774	206,333	231,578	523,540	487,995

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Other Financial Data (excluding discontinued operations):					
12 Month Backlog (at period end)[1]	$ 1,085,359	$ 1,010,365	$ 768,869	$ 671,289	$ 368,000
Capital expenditures, excluding acquisitions	16,298	10,659	10,047	15,635	10,889
Adjusted EBITDA from continuing operations[2]	79,825	74,769	36,720	55,177	81,864
Number of employees (at period end):	9,399	12,054	8,810	7,260	3,714

(1) Backlog is anticipated contract revenue from uncompleted portions of existing contracts and contracts whose award is reasonably assured. 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.

(2) Adjusted EBITDA from continuing operations is included herein because it is one of the measures through which we assess our financial performance. Adjusted EBITDA from continuing operations is not calculated or presented in accordance with U.S. GAAP. For a definition of Adjusted EBITDA from continuing operations, a reconciliation of Adjusted EBITDA from continuing operations to income (loss) from continuing operations (its most directly comparable financial measure calculated and presented in accordance with U.S. GAAP), and additional information regarding this non-GAAP financial measure, see Item 7 Management s Discussion and Analysis of Financial Condition and Results of Operations Other Financial Measures Adjusted EBITDA from Continuing Operations.

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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.

In as much 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 2013 Form 10-K, particularly in Item 1A Risk Factors and in Forward-Looking Statements.

OVERVIEW

Willbros is a specialty energy infrastructure contractor servicing the oil, gas, refining, petrochemical and power industries. Our offerings include engineering, procurement and construction (either individually or as an integrated EPC service offering), turnarounds, maintenance, facilities development and operations services.

2013 Year in Review

Contract revenue increased 4.7 percent to $2.0 billion in 2013 from $1.9 billion in 2012 primarily related to our *Canada* segment where revenue more than doubled from the previous year. Operating income increased $19.3 million to $34.1 million in 2013 from $14.8 million in 2012 as a result of positive performance in three of our four segments which produced results in line with our internal expectations. Significant losses in our regional delivery services within our *Oil & Gas* segment partially offset the solid financial results within our *Canada*, *Utility T&D* and *Professional Services* segments.

Contract revenue generated in our *Oil & Gas* segment decreased 12.4 percent mainly through lower activity in our cross-country pipeline construction services during the first half of the year as we exercised patience and discipline with respect to the acquisition of new work. Construction work on a major cross-country pipeline construction project began late in the third quarter and during the fourth quarter we were awarded two significant cross-country pipeline projects which included a large-diameter natural gas pipeline in South Texas and a liquids pipeline in the Northeast. The decrease in contract revenue within the segment was partially offset by a 3.5 percent increase in sales growth in our downstream construction and maintenance service offerings which was the result of greater turnaround activity, as well as higher utilization of shops and fabrication resources.

Positive operating performance in our pipeline and facilities services was more than offset by project issues in our regional delivery services within our *Oil & Gas* segment, which began in the fourth quarter of 2012. As such, we concentrated our management efforts on improving these operations which has resulted in sequential improvement each quarter in 2013. We believe that the changes in our *Oil & Gas* segment leadership, specifically our regional delivery services, coupled with improvements made in our estimating process and project management, will continue to positively impact our performance into 2014.

Contract revenue generated by our *Utility T&D* segment decreased 7.7 percent compared to 2012 which is primarily attributed to a slight reduction in electric transmission construction work as our Texas Competitive Renewable Energy Zone (CREZ) projects are replaced with new projects with new customers, namely Xcel Energy. Operating income increased $18.3 million in 2013 as the segment benefited from the completion of the CREZ projects, as well as storm restoration work in Texas and Oklahoma.

Our *Canada* segment continues to benefit from its new business model which focuses on the oil sands mine sites and in situ extraction developments. Contract revenue increased $228.4 million to $445.2 million in 2013 evidencing that the segment is on track to achieve its $500.0 million annual contract revenue run-rate by 2016 that was previously projected. Operating income of $35.4 million was also a significant improvement over the approximate break-even results in 2012. Our *Canada* segment continues to deliver solid performance quarter-over-quarter, and produced operating margins of 7.9 percent for the year.

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Contract revenue generated by our *Professional Services* segment increased $12.2 million in 2013 primarily driven by our line locating and other integrity services, which grew by nearly 50.0 percent. Operating income increased $4.3 million in 2013 due to strong performance in our engineering, right-of-way, survey, integrity and government service offerings. The segment also benefited from expanding its geographic presence to offer all of our services to additional markets.

To sum up 2013, the positive operating results we achieved in three of our four segments evidences the progress we have made to improve or eliminate underperforming lines of services. Although the regional delivery services in our *Oil & Gas* segment diminished our overall results, we achieved quarter-over-quarter improvement.

Positive highlights for 2013 include:

- On January 7, 2013, we completed the sale of all of our shares of capital in Willbros Middle East Limited, which owned our operations in Oman, to Interserve Holdings Limited, a subsidiary of Interserve Plc.

- Effective August 7, 2013, we completed the refinancing of our credit facility indebtedness by entering into a five-year $150.0 million asset based senior revolving credit facility maturing on August 7, 2018 (the ABL Credit Facility), and a six-year $250.0 million term loan facility maturing on August 7, 2019 (the 2013 Term Loan Facility and, together with the ABL Credit Facility, the 2013 Credit Facilities).

- Effective November 1, 2013, we completed the sale of certain assets comprising our electric and gas distribution business in the Northeast (Hawkeye) to Elecnor Hawkeye, LLC, a subsidiary of Elecnor, Inc.

We remain focused on analyzing the performance of all of our lines of service relative to our peers and strategic objectives. We will continue to take management actions to improve the operating performance of all our lines of service.

Looking Forward

Last year, we continued to deliver sequential operating improvement and three of our four segments generated positive operating performance. The rapid growth we experienced in our regional delivery services within our *Oil & Gas* segment outpaced our management capacity resulting in significant deterioration to our overall financial results. The regional market demands local presence, more front line management and back office support. At the beginning of the year, we changed leadership within the Oil & Gas segment and added management talent to provide more oversight and training. Additionally, we improved the back office systems and tools required for these transaction-intensive locations. We have established clear performance standards and an assurance process to verify that these standards are being met. These actions are proving successful with quarter-over-quarter improvement, and we believe these issues have been adequately addressed.

We believe our opportunities in the markets we serve are strong. We have much better visibility going into 2014 than we have had in two years. In the *Oil & Gas* segment, our large-diameter pipeline spread capacity is largely booked into early fall of this year. Within our regional delivery services, we are focusing our resources on growing midstream pipeline and facilities and pipeline integrity opportunities where we can differentiate our services. In our *Utility T&D* segment, we have the opportunity to perform additional electric transmission construction work beyond our alliance agreement with Oncor and to capture additional distribution service contracts in the market contiguous to our strong presence in Texas. In our *Canada* segment, we are on track to meet or exceed our growth and performance objectives and we will continue to expand our service offerings in a thoughtful and meaningful way. We see upside potential for operating margins in our *Professional Services* segment as we benefit from the investments we made to expand our geographic presence and services in 2013, which included integrity, line locating and land and survey.

Over the past few years we have been managing a culture change, a change in our belief system that will take us to best in class. The culture of accountability that we are cultivating is driving improved performance throughout the entire organization.

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Our culture of accountability is focused on achieving these five Key Results which will be the measure of our success:

1. Safety continuing to drive world-class safety where we protect our employees and all stakeholders associated with our work. We are targeting a total recordable incident rate of less than 1.0.

2. Our People we are creating the environment where people choose to work for us versus any other option.

3. Our Customers we are creating a level of customer satisfaction where they choose us versus our competition.

4. Our goal is to reduce our average Days Sales Outstanding by 10 days; and finally

5. We are targeting operating income to be in the top tier of our peer group.

We believe that by focusing on these Key Results, we will enhance stockholder value.

Other Financial Measures

Backlog

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

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

Our backlog presentation reflects not only the 12 month lump-sum and MSA work; but also, the full-term value of work under contract, including MSA work as we believe that this information is helpful in providing additional long-term visibility. We determine the amount of backlog for work under ongoing MSA maintenance and construction contracts by using recurring historical trends inherent in the MSAs, factoring in seasonal demand and projecting customer needs based upon ongoing communications with the customer. We also include in backlog our share of work to be performed under contracts signed by joint ventures in which we have an ownership interest.

At December 31, 2013, 12 month backlog increased $75.0 million year-over-year driven largely by two significant cross-country pipeline projects awarded to our *Oil & Gas* segment, which included a large-diameter natural gas pipeline in South Texas and a liquids pipeline in the Northeast. This increase was slightly offset by a reduction in services on MSA contracts within the *Utility T&D* segment during 2013. The overall decrease in total backlog year-over-year is also primarily attributed to the reduction in MSA work.

The following tables (in thousands) show our backlog from continuing operations by operating segment and geographic location as of December 31, 2013 and 2012 and our 12 month year-end backlog for each of the last five years:

	As of December 31,							
	2013				**2012**			
	12 Month	**Percent**	**Total**	**Percent**	**12 Month**	**Percent**	**Total**	**Percent**
Oil & Gas	$ 413,699	38.1%	$ 414,749	20.6%	$ 290,500	28.8%	$ 293,495	14.0%
Utility T&D	298,202	27.5%	978,535	48.5%	393,318	38.9%	1,257,403	59.9%
Professional Services	194,283	17.9%	256,981	12.7%	146,120	14.4%	197,752	9.4%
Canada	179,175	16.5%	365,946	18.2%	180,427	17.9%	349,520	16.7%
Total Backlog	$ 1,085,359	100.0%	$ 2,016,211	100.0%	$ 1,010,365	100.0%	$ 2,098,170	100.0%

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	As of December 31,			
	2013		2012	
	Total	Percent	Total	Percent
Total Backlog by Geographic Region				
United States	$ 1,645,769	81.6%	$ 1,743,906	83.1%
Canada	365,946	18.2%	349,520	16.7%
Other International	4,496	0.2%	4,744	0.2%
Backlog	$ 2,016,211	100.0%	$ 2,098,170	100.0%

	As of December 31,				
	2013	2012	2011	2010	2009
12 Month Backlog	$ 1,085,359	$ 1,010,365	$ 768,869	$ 671,289	$ 368,000

Adjusted EBITDA from Continuing Operations

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

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

- Comparing normalized operating results with corresponding historical periods and with the operational performance of other companies in our industry; and

- Presentations made to analysts, investment banks and other members of the financial community who use this information in order to make investment decisions about us.

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

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

	Year Ended December 31,				
	2013	2012	2011	2010	2009
Income (loss) from continuing operations attributable to Willbros Group, Inc.	$ (23,436)	$ (23,291)	$ (210,383)	$ (24,687)	$ 8,992
Interest expense, net	30,729	29,393	45,035	27,639	8,411
Provision (benefit) for income taxes	14,534	4,727	(33,558)	(28,951)	6,003
Depreciation and amortization	42,194	46,345	52,748	42,800	33,431
Goodwill impairment		8,067	178,575	60,000	
Changes in fair value of contingent earnout liability			(10,000)	(45,340)	
Loss on early extinguishment of debt	11,573	3,405	6,304		
DOJ monitor cost		1,588	3,567	4,002	2,582
Stock based compensation	7,142	7,607	9,706	8,379	9,537
Restructuring and reorganization costs	241	151	105	3,771	12,694
Acquisition related costs				10,055	2,499
Gain on disposal of property and equipment	(3,152)	(3,223)	(5,379)	(2,491)	(2,285)
Adjusted EBITDA from continuing operations	$ 79,825	$ 74,769	$ 36,720	$ 55,177	$ 81,864

RESULTS OF OPERATIONS

	Years Ended December 31 (in thousands)				
	2013	2012	2013-2012 Change	2011	2012-2011 Change
Contract revenue					
Oil & Gas	$ 791,076	$ 902,688	$ (111,612)	$ 560,202	$ 342,486
Utility T&D	446,216	483,603	(37,387)	388,438	95,165
Professional Services	342,746	330,594	12,152	278,101	52,493
Canada	445,213	216,793	228,420	153,411	63,382
Eliminations	(6,468)	(4,878)	(1,590)	(3,783)	(1,095)
Total	2,018,783	1,928,800	89,983	1,376,369	552,431
General and administrative	167,700	151,967	15,733	127,488	24,479
Operating income (loss)					
Oil & Gas	(40,193)	(1,479)	(38,714)	(57,162)	55,683
Utility T&D	23,233	4,897	18,336	(147,722)	152,619
Professional Services	15,715	11,426	4,289	361	11,065
Canada	35,376	(40)	35,416	2,460	(2,500)

Corporate				10,000	(10,000)
Total	34,131	14,804	19,327	(192,063)	206,867
Other expense	(43,033)	(33,368)	(9,665)	(51,878)	18,510
Income (loss) from continuing operations before income taxes	(8,902)	(18,564)	9,662	(243,941)	225,377
Provision (benefit) for income taxes	14,534	4,727	9,807	(33,558)	38,285
Loss from continuing operations	(23,436)	(23,291)	(145)	(210,383)	187,092
Income (loss) from discontinued operations net of provision (benefit) for income taxes	7,569	(5,944)	13,513	(82,438)	76,494
Net income (loss)	$ (15,867)	$ (29,235)	$ 13,368	$ (292,821)	$ 263,586

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2013 versus 2012

Consolidated Results

Contract Revenue

Contract revenue increased $90.0 million in 2013 primarily related to significant sales growth in a number of service offerings within our *Canada* segment, which has continued its focus on the oil sands mine sites and in situ extraction developments. This increase was partially offset by lower utilization in our cross-country pipeline construction services within our *Oil & Gas* segment compared to 2012 where we exercised more patience and discipline in acquiring work and a reduction in activity in our electric transmission construction services within our *Utility T&D* segment primarily due to the completion of the remaining Texas CREZ transmission construction projects during the year.

General and Administrative Expense

General and administrative expenses increased $15.7 million in 2013 primarily due to increased overhead costs within our *Canada* segment to support its substantial growth in comparison to 2012. We also incurred additional costs in our *Professional Services* segment related to investments made to expand our geographic presence and services including engineering, integrity, line locating and land and survey. In 2013, general and administrative expense as a percentage of contract revenue was 8.3 percent which was an increase of 0.4 percent in comparison to 2012.

Operating Income

Operating income increased $19.3 million in 2013 primarily related to improved performance in a number of lines of service within our *Canada* segment, as well as profitability generated from the completion of two Texas CREZ projects and storm restoration work in Texas and Oklahoma all within our *Utility T&D* segment. These increases were partially offset by significant losses in our regional delivery services within our *Oil & Gas* segment which were the result of ineffective project management and execution.

Other Expense

Other expense increased $9.7 million in 2013 primarily due to an increase of $8.2 million in debt extinguishment costs year-over-year associated with the refinancing of our credit facility indebtedness and a net increase in interest expense of $1.3 million due to an increase in interest rates under our 2013 Term Loan Facility.

Provision for Income Taxes

Provision for income taxes increased $9.8 million driven primarily by our *Canada* segment being in a profit position for 2013, compared to a break-even position for 2012.

Income (Loss) from Discontinued Operations, Net of Taxes

Income from discontinued operations increased $13.5 million primarily due to a $23.6 million gain on the sale of Willbros Middle East Limited, which held our operations in Oman and $17.0 million of settlement proceeds from Central Maine Power. This increase was partially offset by continued losses in Hawkeye, which were mainly attributed to the Maine Power Reliability Program project.

Segment Results

Oil & Gas Segment

Contract revenue decreased $111.6 million compared to 2012 primarily related to lower utilization in our cross-country pipeline construction services where we exercised more patience and discipline in acquiring work. This increase was partially offset by sales growth within our downstream construction and maintenance services through greater turnaround activity and higher utilization of shops and fabrication resources.

Operating loss increased $38.7 million primarily related to significant losses in our regional delivery services which were the result of ineffective project management and execution. At the beginning of the year, we changed leadership within the *Oil & Gas* segment and added management talent to provide more oversight and training. Additionally, we improved the back office systems and tools required for these regional delivery services. These actions are proving successful with quarter-over-quarter improvement and we believe these issues have been adequately addressed.

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Professional Services Segment

Contract revenue increased $12.2 million in 2013 primarily driven by increased demand in line locating and other integrity services and in engineering services supporting the gas, liquids and petrochemical industries.

Operating income increased $4.3 million in 2013 primarily related to improved profitability in engineering, right-of-way, survey, integrity and government service offerings.

Utility T&D Segment

Contract revenue decreased $37.4 million in 2013 primarily due to a reduction in activity in our electric transmission construction services mainly related to the completion of the remaining Texas CREZ transmission construction projects during the year.

Operating income increased $18.3 million due to increased profitability generated from the completion of the Texas CREZ projects and storm restoration work in Texas and Oklahoma.

Canada Segment

Contract revenue increased $228.4 million in 2013 primarily related to substantial growth in our specialty construction and integrity services that started in late 2012 as well as the continued progression of several capital replacement projects in Northern Alberta and several additional maintenance projects.

Operating income increased $35.4 million in 2013 primarily related to sharp increases in profitability surrounding certain infrastructure replacement construction and ongoing maintenance projects in Northern Alberta and certain specialty construction and integrity services.

2012 versus 2011

Consolidated Results

Contract Revenue

Contract revenue increased $552.4 million in 2012 with increased revenues across all four segments. The increase was primarily attributable to higher demand for our professional services including engineering and integrity, as well as increased activity in our cross-country pipeline construction services, increased activity in our transmission construction services in Texas which includes our alliance agreement with Oncor, and continued growth in our regional offices within the liquids-rich shale plays across the United States.

General and Administrative Expense

General and administrative expense increased $24.5 million in 2012 mainly from continued growth in our regional offices within the liquids-rich shale plays across the United States along with associated revenue increases. In addition, we incurred increased general and administrative costs in connection with the remediation of our material weakness in accounting for income taxes. In 2012, general and administrative expense as a percentage of contract revenue was 7.9 percent which was a decrease of 1.4 percent in comparison to 2011.

Operating Income (Loss)

Operating income (loss) improved $206.9 million in 2012 primarily due to a $178.6 million goodwill impairment charge in 2011 as compared to an $8.1 million charge in 2012. The remaining increase was primarily attributed to increased profitability in our cross-country pipeline construction services as well as improved performance within our professional services offerings, including engineering, EPC and integrity and within our transmission construction services and electric distribution services in Texas. The improvement was partially offset by losses on the Red River Pipeline project in Texas, losses on the Woodlands project in Canada and a change to the fair value of our contingent earnout liability in 2011 that did not recur in 2012.

Other Expense

Other expense improved $18.5 million in 2012 primarily due to a decrease in net interest expense of $15.6 million and a decrease of $2.9 million in debt extinguishment costs. The decrease in net interest expense mainly resulted from cumulative debt payments of $46.7 million during the course of the year, which effectively reduced our interest charges. The decrease in charges classified as debt extinguishment costs resulted from a reduction in debt payments in 2012 in comparison to 2011.

Provision (Benefit) for Income Taxes

Provision (benefit) for income taxes increased $38.3 million in 2012 driven primarily by losses incurred in the U.S. that could not be tax benefited, as well as a decrease in goodwill impairment charges, an increase in the state tax provision, and an increase in the valuation allowance against our U.S. net operating losses.

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Loss from Discontinued Operations, Net of Taxes

Loss from discontinued operations, net of taxes decreased $76.5 million in 2012 driven primarily from $55.5 million in charges recorded in 2011 in connection with the settlement of the West African Gas Pipeline (WAGP) project litigation. Further, legal costs associated with this litigation were $16.4 million in 2011. Neither of these charges occurred in 2012. The remaining increase was mainly attributed to a gain generated from the sale of certain assets disposed of as part of the liquidation of our Canada cross-country pipeline services in 2012 as well as the release of certain project contingencies that resulted from the wrap-up of a final Canada cross-country pipeline project. The overall increase was partially offset by significant operating losses in Hawkeye, which we discontinued in the fourth quarter of 2012.

Segment Results

Oil & Gas Segment

Contract revenue increased $342.5 million in 2012 driven predominantly by increased demand in cross-country pipeline and facilities construction services as well as through business growth and expansion of our regional delivery services into the liquids-rich shale plays across the United States.

Operating loss decreased $55.7 million in 2012, although $30.7 million of the decrease was attributable to a goodwill impairment charge in 2011 that did not recur in 2012. Additionally, $8.2 million of the decrease was attributable to a non-cash charge for the TransCanada settlement during 2011. The remaining reduction in loss was driven by improved profitability in our cross-country pipeline and facilities construction services, partially offset by decreased performance in our regional delivery services.

Professional Services Segment

Contract revenue increased $52.5 million in 2012 driven predominantly by increased EPC activity, as well as increased demand in engineering and integrity services supporting the gas, liquids and petrochemical industries.

Operating income increased $11.1 million in 2012, although $2.1 million of the increase was attributable to a goodwill impairment charge in 2011 that did not recur in 2012. The remaining increase was driven by improved profitability in our engineering services, partially offset by costs incurred related to our geographic expansion to support the liquids-rich shale plays across the United States.

Utility T&D Segment

Contract revenue increased $95.2 million in 2012 primarily related to increased activity in our transmission construction services and electric distribution services in Texas which includes our alliance agreement with Oncor. Additional increases year-over-year were mainly attributed to matting installation and storm support services in the Northeast and our cable and restoration services.

Operating income increased $152.6 million in 2012, although $143.5 million of the increase was attributable to a goodwill impairment charge during 2011 as compared to an impairment of $8.1 million in 2012. The remaining increase was generated predominantly through continued improved performance in our transmission construction services and electric distribution services in Texas and increased profitability through matting installation and storm support.

Canada Segment

Contract revenue increased $63.4 million in 2012 driven by increases across all service offerings including certain construction and maintenance projects delivered to our customers in northern Alberta, fabrication operations related to two new module fabrication projects in the fourth quarter of 2012 and new integrity and specialty pipeline projects coming into full operation during the last quarter of 2012. The increased level of construction activity and our success in excellent service delivery has resulted in some significant new project awards during 2012.

Operating income decreased $2.5 million in 2012 driven primarily through losses incurred on the Woodlands project, a lump sum facilities project impacted by significant staff turnover and a challenging and remote location. Additional losses during the year were the result of startup and overhead costs within our electrical and instrumentation business. These losses were offset by income generated through construction and maintenance services work.

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Corporate

The change in fair value of the contingent earnout recorded in 2011 was characterized as a Corporate change in estimate and is not allocated to the reporting segments. For additional information regarding the contingent earnout, see the discussion in Note 14 Fair Value Measurements.

LIQUIDITY AND CAPITAL RESOURCES

Additional Sources and Uses of Capital

Effective August 7, 2013 we completed the refinancing of our credit facility indebtedness by entering into a five-year $150.0 million asset based senior revolving credit facility maturing on August 7, 2018 (the ABL Credit Facility), and a six-year $250.0 million term loan facility maturing on August 7, 2019 (the 2013 Term Loan Facility and, together with the ABL Credit Facility, the 2013 Credit Facilities). Proceeds from the 2013 Term Loan Facility were used to repay all indebtedness under the previous credit facility, to pay fees and expenses incurred in connection with the transactions and for working capital purposes. As a result of this repayment, we recorded debt extinguishment costs of $11.6 million during the year ended December 31, 2013, which consisted of original issue discount and financing costs inclusive of new creditor fees.

ABL Credit Facility

The initial aggregate amount of commitments for the ABL Credit Facility is comprised of $125.0 million for the U.S. facility (the U.S. Facility) and $25.0 million for the Canadian facility (the Canadian Facility). The ABL Credit Facility includes a sublimit of $100.0 million for letters of credit and includes an accordion feature permitting the borrowers, under certain conditions, to increase the aggregate amount by an incremental $75.0 million, with additional commitments from existing lenders or new commitments from lenders reasonably acceptable to the administrative agent. The borrowers under the U.S. Facility consist of all of the Company s U.S. operating subsidiaries with assets included in the borrowing base and is guaranteed by Willbros Group, Inc. and its material U.S. subsidiaries, other than excluded subsidiaries. The borrower under the Canadian Facility is Willbros Construction Services (Canada) LP and the Canadian Facility is guaranteed by Willbros Group, Inc. and all of its material U.S. and Canadian subsidiaries, other than excluded subsidiaries.

Advances under the U.S. and Canadian Facility are limited to a borrowing base consisting of the sum of 85 percent of the value of eligible accounts and 60 percent of the value of eligible unbilled accounts less applicable reserves, which the administrative agent may establish from time to time in its permitted discretion. Eligible unbilled accounts may not exceed $50.0 million in the aggregate. Advances in U.S. dollars will initially bear interest at a rate equal to London Inter-Bank Offered Rate (LIBOR) plus 250 basis points or the U.S. or Canadian base rate plus 150 basis points. Advances in Canadian dollars will initially bear interest at the Bankers Acceptance (BA) Equivalent Rate plus 250 basis points or the Canadian prime rate plus 150 basis points.

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

Fixed Charge Coverage Ratio

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

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

Obligations under the ABL Credit Facility are secured by a first priority security interest in the borrowers and guarantors accounts receivable, deposit accounts and similar assets (the ABL Priority Collateral) and a second priority security interest in the borrowers and guarantors equipment, inventory, subsidiary capital stock and intellectual property, which is subject to the first priority security interest of the collateral agent for the 2013 Term Loan Facility (the Term Loan Priority Collateral).

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2013 Term Loan Facility

The 2013 Term Loan Facility provides for a $250.0 million term loan, which we drew in full on the effective date of the credit agreement under the 2013 Term Loan Facility. Term loans were issued at a discount such that the funded portion was equal to 96.5 percent of the principal amount of the term loans. The borrower under the Term Loan Facility is Willbros Group, Inc. with all of its obligations guaranteed by all of its material U.S. subsidiaries, other than excluded subsidiaries. The 2013 Credit Facilities permit the Company under certain conditions, to add one or more incremental term loans to the 2013 Term Loan Facility in an aggregate principal amount up to $50.0 million.

The term loans are repayable in equal quarterly installments in an aggregate amount equal to 0.25 percent of the original amount of the 2013 Term Loan Facility. The balance of the 2013 Term Loan Facility is repayable on August 7, 2019. We are permitted to make optional prepayments at any time, subject to a variable prepayment premium if the prepayment is made prior to August 6, 2016. Mandatory prepayments of term loans are required from (i) 100 percent of the proceeds of the sale of assets constituting Term Loan Priority Collateral, subject to reinvestment provisions and certain exceptions and thresholds, (ii) 100 percent of the net cash proceeds from issuances of debt by us and our subsidiaries, other than permitted indebtedness and (iii) 75 percent (with step-downs to 50 percent and 0 percent based on a leverage ratio) of annual excess cash flow provided that any voluntary prepayments of term loans will be credited against excess cash flow obligations. Mandatory prepayments of excess cash flow are payable within five business days after annual financial statements are delivered to the administrative agent beginning with the fiscal year ending December 31, 2014.

The term loans will bear interest at the Adjusted Base Rate (ABR) plus an applicable margin, or the Eurodollar Rate plus an applicable margin. The ABR is the highest of (i) the rate announced by JPMorgan Chase Bank, N.A. as its prime rate, (ii) the federal funds rate plus 0.5 percent, (iii) the Eurodollar Rate applicable for a period of one month plus 1.0 percent and (iv) 2.25 percent. The Eurodollar Rate is the rate for Eurodollar deposits for a period equal to one, two, three or six months, as selected by Willbros Group, Inc. The applicable margin for ABR loans is 8.75 percent, and the applicable margin for Eurodollar loans is 9.75 percent.

Obligations under the 2013 Term Loan Facility are secured by a first priority security interest in the Term Loan Priority Collateral and a second priority security interest in the ABL Priority Collateral.

Covenants

The table below sets forth the primary financial covenants included in the 2013 Credit Facilities and the calculation with respect to these covenants at December 31, 2013:

	Covenants Requirements	**Actual Ratios at December 31, 2013**
Maximum Total Leverage Ratio[(1)] under the 2013 Term Loan Facility (the ratio of Consolidated Debt to Consolidated EBITDA as defined in the credit agreement for the 2013 Term Loan Facility) should be equal	4.00 to 1	3.00

to or less than:		
Minimum Interest Coverage Ratio(2) under the 2013 Term Loan Facility (the ratio of Consolidated EBITDA to Consolidated Interest Expense as defined in the credit agreement for the 2013 Term Loan Facility) should be equal to or greater than:	3.25 to 1	3.62
Minimum Fixed Charge Coverage Ratio(3) under the ABL Credit Facility (the ratio of Consolidated EBITDA less Capital Expenditures and cash income taxes to Consolidated Interest Expense, Restricted Payments made in cash and scheduled cash principal payments made on borrowed money as defined in the credit agreement for the ABL Credit Facility) should be equal to or greater than:	1.15 to 1	N/A(3)

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(1) The Maximum Total Leverage Ratio decreases to 3.50 as of March 31, 2014, 3.00 as of June 30, 2014 and 2.75 as of March 31, 2015.

(2) The Minimum Interest Coverage Ratio increases to 3.50 as of March 31, 2014.

(3) The Minimum Fixed Charge Coverage Ratio is applicable only if excess availability under the ABL Credit Facility is less than the greater of 15 percent of the commitments or $22.5 million. In addition, prepayments of indebtedness under the 2013 Term Loan Facility are permitted if excess availability under the ABL Credit Facility exceeds the greater of 20 percent of the commitments and $30.0 million and the borrowers and guarantors are in compliance with the Minimum Fixed Charge Coverage Ratio on a pro forma basis immediately prior to and giving effect to the prepayment. Prepayments of indebtedness under the 2013 Term Loan Facility are permitted without restriction to the extent such prepayments are from the proceeds of dispositions of the Term Loan Priority Collateral.

Our financial performance will need to continue to improve over 2013 in order to remain in compliance with these primary financial covenants. Depending on our financial performance, we may be required to request amendments, or waivers for the primary covenants, dispose of assets, reduce overhead, or obtain refinancing in future periods. There can be no assurance that we will be able to obtain amendments or waivers, complete asset sales, reduce sufficient amounts of overhead or negotiate agreeable refinancing terms should it become needed.

The 2013 Credit Facilities also include customary representations and warranties and affirmative and negative covenants, including:

- limitations on liens and indebtedness;
- limitations on dividends and other payments in respect of capital stock;
- limitations on capital expenditures; and
- limitations on modifications of the documentation of the 2013 Credit Facilities.

A default under the 2013 Credit Facilities may be triggered by events such as a failure to comply with financial covenants or other covenants under the 2013 Credit Facilities, a failure to make payments when due under the 2013 Credit Facilities, a failure to make payments when due in respect of, or a failure to perform obligations relating to, debt obligations in excess of $15.0 million, a change of control of the Company and certain insolvency proceedings. A default under the ABL Credit Facility would permit the lenders to terminate their commitment to make cash advances or issue letters of credit, require the immediate repayment of any outstanding cash advances with interest and require the cash collateralization of outstanding letter of credit obligations. A default under the 2013 Term Loan Facility would permit the lenders to require the immediate repayment of all principal, interest, fees and other amounts thereunder. As of December 31, 2013, we were in compliance with all covenants under the 2013 Credit Facilities.

As of December 31, 2013, we had $19.0 million in outstanding revolver borrowings and $60.1 million in outstanding letters of credit. Our borrowing base in effect at December 31, 2013 allowed a maximum borrowing, including outstanding letters of credit, of $150.0 million. Our unused availability under the ABL Credit Facility at December 31, 2013 was $70.9 million. If our unused availability under the ABL Credit Facility is less than the greater of (i) 15 percent of the revolving commitments or $22.5 million for five consecutive days, or (ii) 12.5 percent of the revolving commitments or $18.8 million at any time, or upon the occurrence of certain events of default under the ABL Credit Facility, we are subject to increased reporting requirements, the administrative agent shall have exclusive control over any deposit account, we shall 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 ABL Credit Facility.

Subsequent to December 31, 2013, we paid the outstanding revolver borrowings in full through proceeds received in connection with the sale of Hawkeye and through cash flow from operations. See the caption Business and Asset Disposals in Note 16 Discontinued Operations for additional information.

We believe that the refinancing of our indebtedness into the 2013 Credit Facilities provides a more flexible capital structure and strengthens our overall balance sheet. We will continue to pursue opportunities to reduce our indebtedness, which may include additional sales of non-strategic and under-performing assets (including equipment, real property and businesses) as well as accessing capital markets.

Settlement Agreement

On March 29, 2012, we entered into a settlement agreement (the Settlement Agreement) with WAPCo to settle the West Africa Gas Pipeline project litigation. The Settlement Agreement provides that we must make payments to WAPCo totaling $55.5 million of which $14.0 million was paid in 2012 and $5.0 million was paid in 2013. Of the remaining $36.5 million due to WAPCo, $3.8 million is due at the end of the second quarter of 2014 and $32.7 million is due at the end of the fourth quarter of 2014. We intend to fund the final payments due under the Settlement Agreement through cash flow from operations, proceeds from potential asset sales, or through available borrowings under our ABL Credit Facility.

For additional information regarding the Settlement Agreement, see the discussion in Note 16 Discontinued Operations.

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Cash Balances

As of December 31, 2013, we had cash and cash equivalents of $42.6 million. Our cash and cash equivalent balances held in the United States and foreign countries was $24.3 million and $18.3 million, respectively. In 2011, we discontinued our strategy of reinvesting non-U.S. earnings in foreign operations.

Our working capital position for continuing operations increased $4.2 million to $214.9 million at December 31, 2013 from $210.7 million at December 31, 2012, largely attributable to increased customer collections and improvements in our accounts payable aging. We expect that liquidity will improve as collections from customers increase.

Cash Flows

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

Cash flows provided by (used in) continuing operations by type of activity were as follows for years ended December 31, 2013, 2012 and 2011 (in thousands):

	2013	2012	2011
Operating activities	$ 26,863	$ (7,201)	$ 62,236
Investing activities	26,156	6,842	51,043
Financing activities	(37,450)	7,335	(146,436)
Effect of exchange rate changes	(1,564)	(2,137)	(449)
Cash provided by (used in) all continuing activities	$ 14,005	$ 4,839	$ (33,606)

Operating Activities

Cash flow from operations is primarily influenced by demand for our services, operating margins and the type of services we provide, but can also be influenced by working capital needs such as the timing of collection of receivables and the settlement of payables and other obligations.

Operating activities from continuing operations provided net cash of $26.9 million in 2013 as compared to $7.2 million used in 2012. The $34.1 million increase in cash flow provided is primarily a result of the following:

- An increase in cash flow provided by accounts receivable of $125.3 million attributed to an increase in customer cash collections during the period;

- An increase in cash flow provided by contracts in progress of $59.1 million attributed to increased billings on projects in 2013; and

- An increase in other assets and liabilities of $14.1 million attributed to increased cash receipts and decreased cash payments during the year.

This was partially offset by:

- A decrease in cash flow provided by accounts payable of $139.1 million related to an increase in cash payments to vendors during the period; and

- A decrease in cash flow provided by prepaids and other assets of $22.9 million related to increased cash payments and decreased cash receipts during the year.

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Operating activities from continuing operations used net cash of $7.2 million in 2012 as compared to $62.2 million provided in 2011. The $69.4 million increase in cash flow used is primarily a result of the following:

- An increase in cash flow used by accounts receivable of $61.0 million attributed to the TransCanada settlement in 2011 that did not recur in 2012;
- An increase in cash flow used by accounts receivable of $80.6 million attributed to decreased customer cash collections during the period; and
- An increase in cash flow used by contracts in progress of $34.3 million attributed to decreased billings on projects during the period.

This was partially offset by:

- A decrease in cash flow used by accounts payable of $53.6 million related to decreased cash payments made to vendors during the period;
- A decrease in cash flow used by continuing operations of $27.2 million, net of non-cash effects driven primarily through a reduction in our net loss from continuing operations during 2012; and
- A decrease in cash flow used by other assets and liabilities of $20.0 million related to decreased cash payments and increased cash receipts during the year.

Investing Activities

Investing activities from continuing operations provided net cash of $26.2 million in 2013 as compared to $6.8 million provided in 2012. The $19.4 million increase in cash flow provided is primarily the result of the following:

- Proceeds from the sale of Willbros Middle East Limited, which held our operations in Oman in 2013 that provided cash of $38.9 million.

This was partially offset by:

- A decrease of $16.3 million in proceeds from the sales of property, plant and equipment during 2013; and

- An increase of $3.3 million in purchases of property, plant and equipment during 2013 related to expansion in our *Professional Services* and *Canada* segments.

Investing activities from continuing operations provided net cash of $6.8 million in 2012 as compared to $51.0 million provided in 2011. The $44.2 million decrease in cash flow provided is primarily the result of the following:

- Proceeds from the sale of InterCon Construction, Inc. in 2011 that provided cash of $18.7 million;
- A decrease of $13.6 million in proceeds from the sales of property, plant and equipment during 2012; and
- A working capital settlement in 2011 related to the acquisition of InfrastruX that provided cash of $9.4 million.

Financing Activities

Financing activities from continuing operations used net cash of $37.5 million in 2013 as compared to $7.3 million provided in 2012. The $44.8 million increase in cash flow used is primarily the result of the following:

- A $143.1 million increase in payments against our prior term loan as a result of the August 2013 debt refinancing;
- A $72.0 million increase in payments on our notes payable and prior revolver primarily in conjunction with the August 2013 debt refinancing; and
- $60.0 million in proceeds from our Term Loan in 2012 that did not reoccur in 2013.

This was partially offset by:

- A $231.5 million increase in proceeds from our term loan, revolver and notes payable primarily in conjunction with the August 2013 debt refinancing.

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Financing activities from continuing operations provided net cash of $7.3 million in 2012 as compared to $146.4 million used in 2011. The $153.7 million increase in cash flow provided is primarily the result of the following:

$60.0 million in proceeds from our additional Term Loan issued in 2012;

$54.5 million in reductions of payments against our Term Loan and other debt instruments;

$33.4 million in additional proceeds from our revolver and notes payable; and

$6.4 million in reductions of payments of our capital lease obligations.

Discontinued Operations

Discontinued operations used net cash of $24.8 million in 2013 as compared to cash used of $13.9 million in 2012. The $10.9 million increase in cash flow used is primarily due to continued losses in our electric and gas distribution business in the Northeast.

Discontinued operations used net cash of $13.9 million in 2012 as compared to cash used of $44.1 million in 2011. The $30.2 million decrease in cash flow used is primarily due to a reduction in losses in our discontinued operations year over year, coupled with a reduction in legal fees as a result of the settlement of the WAGP project litigation and a recorded gain in connection with the sale of various assets related to our Canadian cross-country pipeline business.

Interest Rate Risk

Interest Rate Swaps

We are subject to hedging arrangements to fix or otherwise limit the interest cost of our variable interest rate borrowings. We are subject to interest rate risk on our debt and investment of cash and cash equivalents arising in the normal course of business. We do not engage in speculative trading strategies.

In August 2013, we entered into an interest rate swap agreement for a notional amount of $124.1 million to hedge changes in the variable rate interest expense on $124.1 million of our existing or replacement LIBOR indexed debt. Under the swap agreement, which is effective June 30, 2014 through August 7, 2019, we receive interest at either one-month LIBOR or 1.25 percent (whichever is greater) and pay interest at a fixed rate of 2.84 percent. The swap is designated and qualifies as a cash flow hedging instrument with the effective portion of the swap s change in fair value recorded in Other Comprehensive Income (OCI). The swap is highly effective in offsetting changes in interest expense and no hedge ineffectiveness has been recorded in the Consolidated Statements of Operations. Amounts in OCI will be reclassified to interest expense when the hedged interest payments on the underlying debt are recognized.

In September 2010, we entered into two interest rate swap agreements for a total notional amount of $150.0 million to hedge changes in the variable rate interest expense on $150.0 million of our then existing or replacement LIBOR indexed debt. Under each swap agreement, we received interest at either three-month LIBOR or 2 percent (whichever is greater) and pay interest at a fixed rate of 2.68 percent through June 30, 2014. Through August 7, 2013, the swap agreements were designated and qualified as cash flow hedging instruments, with the effective portion of the swaps change in fair value recorded in OCI. Amounts in OCI are reclassified to interest expense when the hedged interest payments on the underlying debt are recognized during the period when the swaps were designated as cash flow hedges. Through August 7, 2013, the swaps were highly effective hedges, and only an immaterial amount of hedge ineffectiveness has been recorded in the Consolidated Statements of Operations. On August 7, 2013, the swaps were de-designated due to the refinancing of the underlying debt, which decreased the interest rate floor from 2 percent to 1.25 percent. In addition, on August 7, 2013, each swap agreement was transferred to another party through a novation transaction, which increased our interest rate to 2.70 percent through June 30, 2014. Changes in the value of the swaps that remain open are reported in earnings and were immaterial for the year ended December 31, 2013.

The carrying amount and fair value of these swap agreements are equivalent since we account for these instruments at fair value. The values are derived from pricing models using inputs based upon market information, including contractual terms, market prices and yield curves. The inputs to the valuation pricing models are observable in the market, and as such are generally classified as Level 2 in the fair value hierarchy. For validation purposes, the swap valuations are periodically compared to those produced by swap counterparties. Amounts of OCI relating to the interest rate swaps expected to be recognized in interest expense in the coming twelve months totaled $1.5 million.

Capital Requirements

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

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In 2013, capital expenditures by segment amounted to $3.9 million spent by *Oil & Gas*, $2.7 million spent by *Professional Services*, $3.9 million spent by *Canada*, $3.2 million spent by *Utility T&D,* and $2.6 million spent by Corporate, for a total of $16.3 million. Our industry is capital intensive and we expect the need for substantial capital expenditures to continue into the foreseeable future to meet the anticipated demand for our services. As such, we are focused on the following significant capital requirements:

- Providing working capital for projects in process and those scheduled to begin in 2014; and

- Funding our 2014 capital budget of approximately $28.8 million, inclusive of $2.2 million of carry-forward from 2013. The 2014 capital budget increased approximately $3.8 million in order to fund continued growth and improved results.

We believe that our financial results combined with our current liquidity and financial management will provide sufficient funds to enable us to meet our future operating needs and our planned capital expenditures, as well as facilitate our ability to grow in the foreseeable future.

Contractual Obligations

The following table (in thousands) details our future cash payments related to various contractual obligations as of December 31, 2013:

		Payments Due By Period			
	Total	Less than 1 year	1-3 years	4-5 years	More than 5 years
Term Loan	$ 241,069	$ 1,354	$ 2,323	$ 1,696	$ 235,696
Revolver	18,953			18,953	
WAPCo settlement obligation	36,500	36,500			
Capital lease obligations	2,535	1,052	1,483		
Operating lease obligations	145,807	39,511	39,561	25,772	40,963
Uncertain tax liabilities	4,544				
Total	$ 449,408	$ 78,417	$ 43,367	$ 46,421	$ 276,659

At December 31, 2013, we had uncertain tax positions totaling $4.5 million which ultimately could result in a tax payment. As the amount of the ultimate tax payment is contingent on the tax authorities assessments, it is not practical to present annual payment information.

Off-Balance Sheet Arrangements and Commercial Commitments

From time to time, we enter into commercial commitments, usually in the form of commercial and standby letters of credit, surety bonds and financial guarantees. Contracts with our customers may require us to provide letters of credit or surety bonds with regard to our performance of contracted services. In such cases, the commitments can be called upon in the event of our failure to perform contracted services. Likewise, contracts may allow us to issue letters of credit or surety bonds in lieu of contract retention provisions, in which the client withholds a percentage of the contract value until project completion or expiration of a warranty period.

The letters of credit represent the maximum amount of payments we could be required to make if these letters of credit are drawn upon. Additionally, we issue surety bonds customarily required by commercial terms on construction projects. U.S. surety bonds represent the bond penalty amount of future payments we could be required to make if we fail to perform our obligations under such contracts. The surety bonds do not have a stated expiration date; rather, each is released when the contract is accepted by the owner. Our maximum exposure as it relates to the value of the bonds outstanding is lowered on each bonded project as the cost to complete is reduced. As of December 31, 2013, no liability has been recognized for letters of credit or surety bonds.

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A summary of our off-balance sheet commercial commitments for both continuing and Discontinued Operations as of December 31, 2013 is as follows (in thousands):

		Expiration Per Period		
	Total Commitment	Less than 1 year	1-2 Years	More Than 2 Years
Letters of credit:				
U.S. performance	$ 45,279	$ 43,279	$ 2,000	$
Canada performance	14,847	14,847		
Total letters of credit	60,126	58,126	2,000	
U.S. surety bonds primarily performance	556,126	550,567	4,719	840
Total commercial commitments	$ 616,252	$ 608,693	$ 6,719	$ 840

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Revenue

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

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

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

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

Valuation of Intangible Assets

Our intangible assets with finite lives include customer relationships, trade names, non-compete agreements and developed technology. The value of customer relationships is estimated using the income approach, specifically the excess earnings method. The excess earnings analysis consists of discounting to present value the projected cash flows attributable to the customer relationships, with consideration given to customer contract renewals, the importance or lack thereof of existing customer relationships to our

business plan, income taxes and required rates of return. The value of trade names is estimated using the relief-from-royalty method of the income approach. This approach is based on the assumption that in lieu of ownership, a company would be willing to pay a royalty in order to exploit the related benefits of this intangible asset.

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

Valuation of Long-Lived Assets

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

Insurance

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

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

Income Taxes

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

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

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RECENT ACCOUNTING PRONOUNCEMENTS

For a discussion of recent accounting pronouncements, see Note 1 to our consolidated financial statements included in this Annual Report.

EFFECTS OF INFLATION AND CHANGING PRICES

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

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

Interest Rate Risk

We are subject to hedging arrangements to fix or otherwise limit the interest cost of our existing variable interest rate borrowings. We are subject to interest rate risk on our debt and investment of cash and cash equivalents arising in the normal course of business. We do not engage in speculative trading strategies.

Under our 2013 Credit Facilities, a 100 basis point increase in interest rates would increase interest expense by approximately $0.3 million. Conversely, a 100 basis point decrease in interest rates would decrease interest expense by $0.3 million.

In August 2013, we entered into an interest rate swap agreement for a notional amount of $124.1 million to hedge changes in the variable rate interest expense on $124.1 million of our existing or replacement LIBOR indexed debt. Under the swap agreement, which is effective June 30, 2014 through August 7, 2019, we receive interest at either one-month LIBOR or 1.25 percent (whichever is greater) and pay interest at a fixed rate of 2.84 percent. The swap is designated and qualifies as a cash flow hedging instrument with the effective portion of the swap s change in fair value recorded in OCI. The swap is highly effective in offsetting changes in interest expense and no hedge ineffectiveness has been recorded in the Consolidated Statements of Operations. Amounts in OCI will be reclassified to interest expense when the hedged interest payments on the underlying debt are recognized.

In September 2010, we entered into two interest rate swap agreements for a total notional amount of $150.0 million to hedge changes in the variable rate interest expense on $150.0 million of our then existing or replacement LIBOR indexed debt. Under each swap agreement, we were to receive interest at either three-month LIBOR or 2 percent (whichever was greater) and pay interest at a fixed rate of 2.68 percent through June 30, 2014. Through August 7, 2013, the swap agreements were designated and qualified as cash flow hedging instruments, with the effective portion of the swaps change in fair value recorded in OCI. Amounts in OCI were reclassified to interest expense when the hedged interest payments on the underlying debt were recognized during the period when the swaps were designated as cash flow hedges. Through August 7, 2013, the swaps were highly effective hedges, and only an immaterial amount of hedge ineffectiveness has been recorded in the Consolidated Statements of Operations. On August 7, 2013, the swaps were de-designated due to the refinancing of the underlying debt, which decreased the interest rate floor from 2 percent to 1.25 percent. In addition, on August 7, 2013, each swap agreement was transferred to another party through a novation transaction, which increased our interest rate to 2.70 percent through June 30, 2014. Changes in the value of the swaps that remain open are reported in earnings and were immaterial for the year ended December 31, 2013.

The carrying amount and fair value of the swap agreements are equivalent since we account for these instruments at fair value. The fair value of the swap agreements was $2.5 million at December 31, 2013 and was based on using a model with Level 2 inputs including quoted market prices for contracts with similar terms and maturity dates. A 100 basis point increase in interest rates would increase the fair value of the swaps by $4.2 million. Conversely, a 100 basis point decrease in interest rates (subject to minimum rates of zero) would decrease the fair value of the swaps by $3.2 million.

Foreign Currency Risk

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

We attempt to negotiate contracts which provide for payment in U.S. dollars, but we may be required to take all or a portion of payment under a contract in another currency. To mitigate non-U.S. currency exchange risk, we seek to match anticipated non-U.S. currency revenue with expense in the same currency whenever possible. To the extent we are unable to match non-U.S. currency revenue with expense in the same currency, we may use forward contracts, options or other common hedging techniques in the same non-U.S. currencies. We had no forward contracts or options at December 31, 2013 and 2012.

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Other

The carrying amounts for cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities shown in the Consolidated Balance Sheets approximate fair value at December 31, 2013 due to the generally short maturities of these items. At December 31, 2013, we invested primarily in short-term dollar denominated bank deposits. We have the ability and expect to hold our investments to maturity.

Item 8. Financial Statements and Supplementary Data

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Willbros Group, Inc.

In our opinion, the consolidated financial statements listed in the accompanying index present fairly, in all material respects, the financial position of Willbros Group, Inc. and its subsidiaries at December 31, 2013 and December 31, 2012, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2013 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the accompanying index presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2013, based on criteria established in *Internal Control Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company s management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management s Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on these financial statements, on the financial statement schedule, and on the Company s internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

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

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

/s/ PricewaterhouseCoopers LLP

Houston, Texas

February 27, 2014

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WILLBROS GROUP, INC.

CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per share amounts)

	December 31, 2013	December 31, 2012
ASSETS		
Current assets:		
Cash and cash equivalents	$ 42,569	$ 48,778
Accounts receivable, net	383,461	380,570
Contract cost and recognized income not yet billed	57,431	89,658
Prepaid expenses and other assets	25,008	31,515
Parts and supplies inventories	4,355	5,264
Deferred income taxes	10,323	10,368
Assets associated with discontinued operations	58,723	90,940
Total current assets	581,870	657,093
Property, plant and equipment, net	111,566	123,985
Intangible assets, net	143,139	158,062
Deferred income taxes		113
Other assets	34,093	38,993
Total assets	$ 870,668	$ 978,246
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	$ 259,060	$ 295,507
Contract billings in excess of cost and recognized income	25,933	36,243
Current portion of capital lease obligations	890	1,317
Notes payable and current portion of other long-term debt	6,505	5,869
Current portion of settlement obligation of discontinued operations	36,500	5,000
Accrued income taxes	10,022	8,387
Other current liabilities	5,846	8,084
Liabilities associated with discontinued operations	10,130	26,174
Total current liabilities	354,886	386,581
Long-term debt	268,425	294,353
Capital lease obligations	1,388	2,281
Long-term portion of settlement obligation of discontinued operations		36,500
Long-term liabilities for unrecognized tax benefits	4,544	4,956
Deferred income taxes	9,066	8,624
Other long-term liabilities	43,585	38,618

Total liabilities	681,894	771,913
Contingencies and commitments (Note 13)		
Stockholders equity:		
Preferred stock, par value $.01 per share, 1,000,000 shares authorized, none issued		
Common stock, par value $.05 per share, 70,000,000 shares authorized and 50,930,303 shares issued at December 31, 2013 (50,084,890 at December 31, 2012)	2,543	2,504
Additional paid-in capital	691,123	687,101
Accumulated deficit	(501,918)	(486,051)
Treasury stock at cost, 1,147,974 shares at December 31, 2013 (1,013,399 at December 31, 2012)	(12,070)	(11,394)
Accumulated other comprehensive income	8,807	13,504
Total Willbros Group, Inc. stockholders equity	188,485	205,664
Noncontrolling interest	289	669
Total stockholders equity	188,774	206,333
Total liabilities and stockholders equity	$ 870,668	$ 978,246

See accompanying notes to consolidated financial statements.

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WILLBROS GROUP, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except share and per share amounts)

	Year Ended December 31,		
	2013	**2012**	**2011**
Contract revenue	$ 2,018,783	$ 1,928,800	$ 1,376,369
Operating expenses:			
Contract	1,801,870	1,738,977	1,249,025
Amortization of intangibles	15,082	14,985	15,108
General and administrative	167,700	151,967	127,488
Settlement of project dispute			8,236
Goodwill impairment		8,067	178,575
Changes in fair value of contingent earnout liability			(10,000)
	1,984,652	1,913,996	1,568,432
Operating income (loss)	34,131	14,804	(192,063)
Other expense:			
Interest expense, net	(30,729)	(29,393)	(45,035)
Loss on early extinguishment of debt	(11,573)	(3,405)	(6,304)
Other, net	(731)	(570)	(539)
	(43,033)	(33,368)	(51,878)
Loss from continuing operations before income taxes	(8,902)	(18,564)	(243,941)
Provision (benefit) for income taxes	14,534	4,727	(33,558)
Loss from continuing operations	(23,436)	(23,291)	(210,383)
Income (loss) from discontinued operations, net of provision (benefit) for income taxes	7,569	(5,944)	(82,438)
Net loss	(15,867)	(29,235)	(292,821)
Less: Income attributable to noncontrolling interest		(976)	(1,195)
Net loss attributable to Willbros Group, Inc.	$ (15,867)	$ (30,211)	$ (294,016)
Reconciliation of net loss attributable to Willbros Group, Inc.			
Loss from continuing operations	$ (23,436)	$ (23,291)	$ (210,383)
Income (loss) from discontinued operations	7,569	(6,920)	(83,633)
Net loss attributable to Willbros Group, Inc	$ (15,867)	$ (30,211)	$ (294,016)

Basic loss per share attributable to Company Shareholders:						
Loss from continuing operations	$	(0.48)	$	(0.49)	$	(4.43)
Income (loss) from discontinued operations		0.16		(0.14)		(1.76)
Net loss	$	(0.32)	$	(0.63)	$	(6.19)
Diluted loss per share attributable to Company Shareholders:						
Loss from continuing operations	$	(0.48)	$	(0.49)	$	(4.43)
Income (loss) from discontinued operations		0.16		(0.14)		(1.76)
Net loss	$	(0.32)	$	(0.63)	$	(6.19)
Weighted average number of common shares outstanding:						
Basic		48,560,167		48,019,303		47,475,680
Diluted		48,560,167		48,019,303		47,475,680

See accompanying notes to consolidated financial statements.

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WILLBROS GROUP, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(In thousands, except share and per share amounts)

	Year Ended December 31,		
	2013	**2012**	**2011**
Net loss	$ (15,867)	$ (29,235)	$ (292,821)
Other comprehensive income (loss), net of tax			
Foreign currency translation adjustments	(3,665)	(1,521)	(1,450)
Changes in derivative financial instruments	(1,032)	455	(1,918)
Total other comprehensive loss, net of tax	(4,697)	(1,066)	(3,368)
Total comprehensive loss	(20,564)	(30,301)	(296,189)
Less: Comprehensive income attributable to noncontrolling interest		(976)	(1,195)
Total comprehensive loss attributable to Willbros Group, Inc.	$ (20,564)	$ (31,277)	$ (297,384)

See accompanying notes to consolidated financial statements.

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WILLBROS GROUP, INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY

(In thousands, except share and per share amounts)

	Common Stock Shares	Common Stock Par Value	Additional Paid-in Capital	Accumulated Deficit	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Total Stockholders Equity Willbros Group, Inc.	Non-controlling Interest	Total Stockholders Equity
Balance, December 31, 2010	48,546,817	$ 2,427	$ 674,173	$ (161,824)	$ (10,045)	$ 17,938	$ 522,669	$ 871	$ 523,540
Net income (loss)				(294,016)			(294,016)	1,195	(292,821)
Foreign currency translation adjustments, net of tax						(1,450)	(1,450)		(1,450)
Derivatives, net of tax						(1,918)	(1,918)		(1,918)
Dividend distributed to noncontrolling interest								(1,139)	(1,139)
Share-based award modification			(1,770)				(1,770)		(1,770)
Amortization of stock-based compensation			7,930				7,930		7,930
Stock issued under share-based compensation plans	876,335	44	(44)						
Additions to treasury stock, vesting and forfeitures of					(794)		(794)		(794)

restricted stock									
Balance, December 31, 2011	49,423,152	$ 2,471	$ 680,289	$ (455,840)	$ (10,839)	$ 14,570	$ 230,651	$ 927	$ 231,578
Net income (loss)				(30,211)			(30,211)	976	(29,235)
Foreign currency translation adjustments, net of tax						(1,521)	(1,521)		(1,521)
Derivatives, net of tax						455	455		455
Dividend distributed to noncontrolling interest								(1,234)	(1,234)
Share-based award modification			330				330		330
Amortization of stock-based compensation			6,515				6,515		6,515
Stock issued under share-based compensation plans	661,738	33	(33)						
Additions to treasury stock, vesting and forfeitures of restricted stock					(555)		(555)		(555)
Balance, December 31, 2012	50,084,890	$ 2,504	$ 687,101	$ (486,051)	$ (11,394)	$ 13,504	$ 205,664	$ 669	$ 206,333

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WILLBROS GROUP, INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY

(In thousands, except share and per share amounts)

	Common Stock Shares	Common Stock Par Value	Additional Paid-in Capital	Accumulated Deficit	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Total Stockholders Equity Willbros Group, Inc.	Non-controlling Interest	Total Stockholders Equity
Balance, December 31, 2012	50,084,890	$ 2,504	$ 687,101	$ (486,051)	$ (11,394)	$ 13,504	$ 205,664	$ 669	$ 206,333
Net loss				(15,867)			(15,867)		(15,867)
Foreign currency translation adjustments, net of tax						(3,665)	(3,665)		(3,665)
Derivatives, net of tax						(1,032)	(1,032)		(1,032)
Sale of noncontrolling interest			(2,720)				(2,720)	(380)	(3,100)
Amortization of stock-based compensation			6,781				6,781		6,781
Stock issued under share-based compensation plans	845,413	39	(39)						
Additions to treasury stock, vesting and forfeitures of restricted stock					(676)		(676)		(676)
Balance, December 31, 2013	50,930,303	$ 2,543	$ 691,123	$ (501,918)	$ (12,070)	$ 8,807	$ 188,485	$ 289	$ 188,774

See accompanying notes to consolidated financial statements.

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WILLBROS GROUP, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands, except share and per share amounts)

	Year Ended December 31, 2013	2012	2011
Cash flows from operating activities:			
Net loss	$ (15,867)	$ (29,235)	$ (292,821)
Reconciliation of net loss to net cash provided by (used in) operating activities:			
(Income) loss from discontinued operations	(7,569)	5,944	82,438
Depreciation and amortization	42,194	46,345	52,748
Goodwill impairment		8,067	178,575
Changes in fair value of contingent earnout liability			(10,000)
Stock-based compensation	7,142	7,607	9,706
Loss on early extinguishment of debt	11,573	3,405	6,304
Deferred income tax benefit	548	(4,939)	(29,767)
Amortization of debt issue costs	4,093	4,546	7,505
Non-cash interest expense	2,237	2,287	6,608
Gain on disposal of property and equipment	(3,152)	(3,223)	(5,379)
Settlement of project dispute			8,236
Provision for bad debts	1,245	1,327	791
Other non-cash	(111)		27
Changes in operating assets and liabilities:			
Accounts receivable, net	(8,742)	(134,051)	7,538
Payments on government fines			(6,575)
Contract cost and recognized income not yet billed	31,209	(57,956)	(9,372)
Prepaid expenses and other assets	6,959	29,836	33,106
Accounts payable and accrued liabilities	(38,042)	101,066	47,500
Accrued income taxes	1,988	4,606	2,264
Contract billings in excess of cost and recognized income	(10,041)	20,061	5,730
Other assets and liabilities, net	1,199	(12,894)	(32,926)
Cash provided by (used in) operating activities of continuing operations	26,863	(7,201)	62,236
Cash used in operating activities of discontinued operations	(24,394)	(28,537)	(50,523)
Cash provided by (used in) operating activities	2,469	(35,738)	11,713
Cash flows from investing activities:			
Proceeds from working capital settlement			9,402
Proceeds from sales of property, plant and equipment	3,000	19,328	32,939
Proceeds from sale of subsidiary	38,900		18,749
Purchases of property, plant and equipment	(15,744)	(12,486)	(10,047)

Cash provided by investing activities of continuing operations	26,156	6,842	51,043
Cash provided by (used in) investing activities of discontinued operations	(201)	15,394	7,333
Cash provided by investing activities	25,955	22,236	58,376
Cash flows from financing activities:			
Proceeds from term loan issuance		60,000	
Proceeds from revolver and notes payable	324,260	92,804	59,357
Payments on capital leases	(1,419)	(1,820)	(8,269)
Payments of revolver and notes payable	(161,484)	(89,437)	(67,277)
Payments on term loan facility	(189,796)	(46,700)	(123,379)
Payments to reacquire common stock	(676)	(555)	(794)
Payments to noncontrolling interest owners	(3,100)		
Dividend distributed to noncontrolling interest		(1,234)	(1,139)
Costs of debt issuance	(5,235)	(5,723)	(4,935)
Cash provided by (used in) financing activities of continuing operations	(37,450)	7,335	(146,436)
Cash used in financing activities of discontinued operations	(180)	(761)	(860)
Cash provided by (used in) financing activities	(37,630)	6,574	(147,296)

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WILLBROS GROUP, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands, except share and per share amounts)

	Year Ended December 31,		
	2013	**2012**	**2011**
Effect of exchange rate changes on cash and cash equivalents	(1,564)	(2,137)	(449)
Cash used in all activities	(10,770)	(9,065)	(77,656)
Cash and cash equivalents of continuing operations at beginning of period	48,778	52,859	111,924
Cash and cash equivalents of discontinued operations at beginning of period	5,602	10,586	29,177
Cash and cash equivalents at beginning of period	54,380	63,445	141,101
Cash and cash equivalents at end of period	43,610	54,380	63,445
Less: cash and cash equivalents of discontinued operations at end of period	(1,041)	(5,602)	(10,586)
Cash and cash equivalents of continuing operations at end of period	$ 42,569	$ 48,778	$ 52,859
Supplemental disclosures of cash flow information:			
Cash paid for interest (including discontinued operations)	$ 26,856	$ 22,029	$ 32,374
Cash paid for income taxes (including discontinued operations)	$ 13,327	$ 1,253	$ 5,039
Supplemental non-cash investing and financing transactions:			
Prepaid insurance obtained by note payable	$ 1,182	$ 18,763	$ 6,829
Capital expenditure included in accounts payable and accrued liabilities	$ 890	$ 1,827	$ 2,676

See accompanying notes to consolidated financial statements.

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WILLBROS GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Company Willbros Group, Inc., a Delaware corporation, and its subsidiaries (the Company, Willbros or WGI), is a specialty energy infrastructure contractor serving the oil, gas, refinery, petrochemical and power industries. The Company s offerings include engineering, procurement and construction (either individually or as an integrated EPC service offering), turnarounds, maintenance, facilities development and operations services. The Company s principal markets for continuing operations are the United States and Canada. The Company obtains its 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.

The disclosures in the notes to the consolidated financial statements relate to continuing operations, except as otherwise indicated.

Discontinued Operations As of December 31, 2013, the Company has divested certain of its businesses in the United States, Canada, Oman, Libya and Nigeria. Together, these businesses are presented as discontinued operations in the Company s consolidated financial statements and collectively are referred to as the Discontinued Operations . Net assets and net liabilities related to the Discontinued Operations are included in the line item Assets associated with discontinued operations and Liabilities associated with discontinued operations on the Consolidated Balance Sheets for all periods presented. Liabilities related to the settlement agreement with West African Gas Pipeline Company Limited (WAPCo) are included in the line items Current portion of settlement obligation of discontinued operations and Long-term portion of settlement obligation of discontinued operations on the Consolidated Balance Sheets for all periods presented. The results of the Discontinued Operations are included in the line item Income (loss) from discontinued operations, net of provision (benefit) for income taxes on the Consolidated Statements of Operations for all periods presented. For further discussion of Discontinued Operations, see Note 16 Discontinued Operations.

Principles of Consolidation The consolidated financial statements of the Company include all of its majority-owned subsidiaries and all of its wholly-controlled entities. Inter-company accounts and transactions are eliminated in consolidation. The ownership interest of noncontrolling participants in subsidiaries that are not wholly-owned is included as a separate component of equity. The noncontrolling participants share of the net income is included as Income attributable to noncontrolling interest on the Consolidated Statements of Operations. Interests in the Company s unconsolidated joint ventures are accounted for using the equity method.

Use of Estimates The consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States and include certain estimates and assumptions made by management of the Company in the preparation of the consolidated financial statements. These estimates and assumptions relate to the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expense during the period. Significant items subject to such estimates and assumptions include: revenue recognition under the percentage-of-completion method of accounting, including estimates of progress toward completion and estimates of gross profit or loss accrual on contracts in progress; tax accruals and certain other accrued liabilities; quantification of amounts recorded for contingencies; valuation allowances for accounts receivable and deferred income tax assets; and the carrying amount of property, plant and equipment, goodwill and other intangible assets. The Company bases its estimates on historical experience and other assumptions that it believes relevant under the circumstances. Actual results could differ from these estimates.

Reclassifications Certain reclassifications have been made to prior period amounts to conform to the current period financial statement presentation. These reclassifications have no effect on the Company s previously reported consolidated financial position, results of operations or cash flows.

Out-of-Period Adjustment The Company recorded an out-of-period adjustment during the year ended December 31, 2013 related to the reversal of an over-accrual of certain letter of credit and commitment fees. The net impact of the adjustment was a decrease to pre-tax loss, net loss from continuing operations and net loss of $0.6 million. The Company does not believe the adjustment is material individually or in the aggregate to its consolidated financial statements for the year ended December 31, 2013, nor does it believe such items are material to any of its previously issued consolidated quarterly and annual financial statements.

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WILLBROS GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Commitments and Contingencies Liabilities for loss contingencies arising from claims, assessments, litigation, fines, penalties, and other sources are recorded when management assesses that it is probable that a liability has been incurred and the amount can be reasonably estimated. Recoveries of costs from third parties, which management assesses as being probable of realization, are recorded as Other assets in the Consolidated Balance Sheets. Legal costs incurred in connection with matters relating to contingencies are expensed in the period incurred. See Note 13 Contingencies, Commitments and Other Circumstances for further discussion of the Company s commitments and contingencies.

Accounts Receivable Most of the accounts receivable and contract work in progress are from clients in the oil, gas, refinery, petrochemical and power industries in North America. Trade accounts receivable are recorded at the invoiced amount and do not bear interest. Most contracts require payments as the projects progress or, in certain cases, advance payments. The Company generally does not require collateral, but in most cases can place liens against the property, plant or equipment constructed or terminate the contract if a material default occurs. The allowance for doubtful accounts is the Company s best estimate of the probable amount of credit losses in the Company s existing accounts receivable. A considerable amount of judgment is required in assessing the realization of receivables. Relevant assessment factors include the creditworthiness of the customer and prior collection history. Balances over 90 days past due and over a specified minimum amount are reviewed individually for collectability. Account balances are charged off against the allowance after all reasonable means of collection are exhausted and the potential for recovery is considered remote. The allowance requirements are based on the most current facts available and are re-evaluated and adjusted on a regular basis and as additional information is received.

Inventories Inventories, consisting primarily of parts and supplies, are stated at the lower of actual cost or market. Parts and supplies are evaluated at least annually and adjusted for excess and obsolescence. No excess or obsolescence allowances existed at December 31, 2013 or 2012.

Property, Plant and Equipment Property, plant and equipment is stated at cost. Depreciation, including amortization of capital leases, is provided on the straight-line method using estimated lives as follows:

Construction equipment	3-20 years
Furniture and equipment	3-12 years
Buildings	20 years
Transportation equipment	3-17 years
Marine equipment	10 years

Leasehold improvements are amortized on a straight-line basis over the shorter of their economic lives or the lease term. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized within Operating expenses in the Consolidated Statements of Operations for the period. Normal repair and maintenance costs are charged to expense as incurred. Significant renewals and betterments are capitalized.

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

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

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WILLBROS GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

The Company amortizes intangible assets based upon the estimated consumption of the economic benefits of each intangible asset or on a straight-line basis if the pattern of economic benefits consumption cannot otherwise be reliably estimated. Intangible assets subject to amortization are reviewed for impairment and are tested for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For instance, a significant change in business climate or a loss of a significant customer, among other things, may trigger the need for interim impairment testing of intangible assets. An impairment loss is recognized if the carrying amount of an intangible asset is not recoverable and its carrying amount exceeds its fair value.

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

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

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

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

Depreciation The Company depreciates assets based on their estimated useful lives at the time of acquisition using the straight-line method. Depreciation and amortization related to operating activities is included in contract costs; and depreciation and amortization related to general and administrative activities is included in General and administrative expense in the Consolidated Statements of Operations. Contract costs and General and administrative expenses are included within Operating expenses in the Consolidated Statements of Operations. Further, amortization of assets under capital lease obligations is included in depreciation expense.

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

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WILLBROS GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

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

Income Taxes The Financial Accounting Standards Board (FASB) standard for income taxes takes into account the differences between financial statement treatment and tax treatment of certain transactions. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of a change in tax rates is recognized as income or expense in the period that includes the enactment date. The Company files income tax returns in the U.S. federal jurisdiction, and various state and foreign jurisdictions. The Company is subject to examination for 2008 forward for the United States and the majority of the state jurisdictions, for 2007 forward in Canada and for 2008 forward with respect to Oman.

Warranty Costs The Company warrants labor for new installations and construction and servicing of existing infrastructure and maintains a warranty program which specifically covers its cable remediation services. A warranty reserve of $2.9 million and $2.6 million for cable remediation services is included within Other long-term liabilities on the Consolidated Balance Sheets for the years ended December 31, 2013 and December 31, 2012, respectively.

Retirement Plans and Benefits The Company has a voluntary defined contribution retirement plan for U.S. based employees that is qualified, and is contributory on the part of the employees, and a voluntary savings plan for certain international employees that is non-qualified, and is contributory on the part of the employees. Additionally, the Company is subject to collective bargaining agreements with various unions. As a result, the Company participates with other companies in the unions multi-employer pension and other postretirement benefit plans.

Stock-Based Compensation Compensation cost resulting from all share-based payment transactions is recognized in the financial statements measured based on the grant-date fair value of the instrument issued and is recognized over the vesting period. The Company uses the Black-Scholes valuation method to determine the fair value of stock options granted as of the grant date. Share-based compensation related to restricted stock and restricted stock rights, also described collectively as restricted stock units (RSU s), is recorded based on the Company s stock price as of the grant date. Awards granted are expensed ratably over the vesting period of the award. Expense on awards granted prior to March 12, 2009 is accelerated upon reaching retirement age. This provision does not exist for awards granted on or after March 12, 2009.

Foreign Currency Translation All significant monetary asset and liability accounts denominated in currencies other than United States dollars are translated into United States dollars at current exchange rates. Translation adjustments are included in Other Comprehensive Income (OCI). Revenue and expense accounts are converted at prevailing rates throughout the year. Gains or losses on foreign currency transactions are recorded in income in the period in which they are incurred.

Concentration of Credit Risk The Company has a concentration of customers in the oil, gas, refinery, petrochemical and power industries which expose the Company to a concentration of credit risk within a single industry. The Company seeks to obtain advance and progress payments for contract work performed on major contracts. Receivables are generally not collateralized. An allowance for doubtful accounts of $1.4 million and $2.2 million is included within Accounts receivable, net on the Consolidated Balance Sheets for the years ended December 31, 2013 and December 31, 2012, respectively.

Income (Loss) per Common Share Basic income (loss) per share is calculated by dividing net income (loss), less any preferred dividend requirements, by the weighted-average number of common shares outstanding during the year. Diluted income (loss) per share is calculated by including the weighted average number of all potentially dilutive common shares with the weighted-average number of common shares outstanding. Shares of common stock underlying the Company s convertible notes are included in the calculation of diluted income per share using the if-converted method. Therefore, the numerator for diluted income per share is calculated excluding the after-tax interest expense associated with the Company s convertible notes as long as the associated interest per weighted average convertible share does not exceed basic earnings per share.

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WILLBROS GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Derivative Financial Instruments The Company may use derivative financial instruments such as forward contracts, options or other financial instruments as hedges to mitigate non-U.S. currency exchange risk when the Company is unable to match non-U.S. currency revenue with expense in the same currency. In addition, the Company is subject to hedging arrangements to fix or otherwise limit the interest cost of the variable interest rate borrowings and is subject to interest rate risk on its debt and investment of cash and cash equivalents arising in the normal course of business, as the Company does not engage in speculative trading strategies.

Cash Equivalents The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Related Party Transactions One of the Company s board members serves as an officer of a customer in both the *Oil & Gas* and *Professional Services* segments. The Company performed midstream natural gas construction and engineering services for this customer generating approximately $0.0 million, $0.9 million and $32.7 million in revenue for the year ended December 31, 2013, 2012 and 2011, respectively. In addition, these projects represent approximately $0.0 million and $0.1 million in accounts payable as of December 31, 2013 and 2012, respectively.

Short-term Investments The Company may invest a portion of its cash in short-term time deposits, some of which may have early withdrawal penalties. All such deposits have maturity dates that exceed three months. There were no short-term investments outstanding as of December 31, 2013 and 2012.

Recent Accounting Pronouncements In February 2013, the FASB issued a new accounting standard related to the reporting of amounts reclassified out of Accumulated Other Comprehensive Income (Accumulated OCI). Under this standard, an entity is required to provide information about the amounts reclassified out of Accumulated OCI by component. In addition, an entity is required to present, either on the face of the financial statements or in the notes, significant amounts reclassified out of Accumulated OCI by the respective line items of net income, but only if the amount reclassified is required to be reclassified in its entirety in the same reporting period. For amounts that are not required to be reclassified in their entirety to net income, an entity is required to cross-reference to other disclosures that provide additional details about those amounts. This standard is effective for interim and annual periods beginning on or after December 15, 2012. The adoption of this standard did not have a material impact on the Company s consolidated financial statements.

In February 2013, the FASB clarified the scope of revised disclosure requirements related to balance sheet offsetting that was issued in December 2011. The amendment clarifies that the scope applies to derivatives accounted for in accordance with the authoritative guidance for derivatives and hedging. The adoption of this revision is required for interim and annual periods beginning on or after January 1, 2013. The adoption of this revision did not have any impact on the Company s consolidated financial statements.

In March 2013, the FASB amended the accounting standard related to a parent company s accounting for the foreign cumulative translation adjustment upon derecognition of certain subsidiaries or groups of assets within a foreign entity or of an investment in a foreign entity. Under this standard, a parent entity who ceases to have a controlling interest in a subsidiary that is a business within a foreign entity should only release the cumulative translation adjustment into net income if the loss of controlling interest represents complete, or substantially complete, liquidation of the foreign entity in which the subsidiary, or asset group, had resided. This standard is effective for interim and annual periods beginning on or after December 15, 2013 and would affect the Company s consolidated financial statements if it disposes of a foreign entity.

In July 2013, the FASB amended the accounting standard related to hedge accounting by permitting the use of the Fed Funds Effective Swap Rate as a U.S. benchmark interest rate for hedge accounting purposes in addition to the U.S. Treasury Rate and the London Inter-Bank Offered Rate (LIBOR). The amendment also removes the restriction on using different benchmark rates for similar hedges. The amendment is effective prospectively for qualifying new or re-designated hedging relationships entered into on or after July 17, 2013. The adoption of this amendment did not have a material impact on the Company s consolidated financial statements.

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1. Summary of Significant Accounting Policies (continued)

In July 2013, the FASB amended the accounting standard related to income taxes to eliminate a diversity in practice for the presentation of unrecognized tax benefits when net operating loss carryforwards, similar tax losses or tax credit carryforwards exist. The amendment requires that the unrecognized tax benefit be presented as a reduction of the deferred tax assets associated with the carryforwards except in certain circumstances when it would be reflected as a liability. The adoption of this revision is effective for fiscal years, and interim periods within those years, beginning after December 15, 2013 and is not expected to have a material impact on the Company s consolidated financial statements.

2. Accounts Receivable

Accounts receivable, net as of December 31, 2013 and 2012 is comprised of the following (in thousands):

	December 31,	
	2013	**2012**
Trade	$ 264,976	$ 252,178
Unbilled revenue	78,279	79,157
Contract retention	39,065	40,188
Other receivables	2,542	11,267
Total accounts receivable	384,862	382,790
Less: allowance for doubtful accounts	(1,401)	(2,220)
Total accounts receivable, net	$ 383,461	$ 380,570

The Company expects all accounts receivable to be collected within one year. The provision for bad debts included in General and administrative expenses in the Consolidated Statements of Operations was $1.2 million, $1.3 million and $0.8 million for the years ended December 31, 2013, 2012 and 2011, respectively.

The balances billed but not paid by customers pursuant to retainage provisions in certain contracts will be due upon completion of the contracts and acceptance by the customer. Based on the Company s experience with similar contracts within recent years, the majority of the retention balances at each balance sheet date will be collected within the next twelve months.

3. Contracts in Progress

Contract cost and recognized income not yet billed on uncompleted contracts arise when recorded revenues for a contract exceed the amounts billed under the terms of the contracts. Contract billings in excess of cost and recognized income arise when billed amounts exceed revenues recorded. Amounts are billable to customers upon various measures of performance, including achievement of certain milestones, completion of specified units or completion of the contract. Also included in contract cost and recognized income not yet billed on uncompleted contracts are amounts the Company seeks to collect from customers for change orders approved in scope but not for price associated with that scope change (unapproved change orders). Revenue for these amounts is recorded equal to the lesser of the expected revenue or cost incurred when realization of price approval is probable. Recognizing revenues from unapproved change orders involves 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 the Company does not successfully resolve these matters, a reduction in revenues may be required to amounts that have been previously recorded.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. Contracts in Progress (continued)

Contract cost and recognized income not yet billed and related amounts billed as of December 31, 2013 and 2012 were as follows (in thousands):

	December 31, 2013	December 31, 2012
Cost incurred on contracts in progress	$ 718,143	$ 932,844
Recognized income	163,615	132,869
	881,758	1,065,713
Progress billings and advance payments	(850,260)	(1,012,298)
	$ 31,498	$ 53,415
Contract cost and recognized income not yet billed	$ 57,431	$ 89,658
Contract billings in excess of cost and recognized income	(25,933)	(36,243)
	$ 31,498	$ 53,415

Contract cost and recognized income not yet billed includes $5.1 million and $5.9 million at December 31, 2013 and 2012, respectively, on completed contracts.

4. Property, Plant and Equipment

Property, plant and equipment, which are used to secure debt or are subject to lien, at cost, as of December 31, 2013 and 2012 were as follows (in thousands):

	December 31, 2013	December 31, 2012
Construction equipment	$ 92,155	$ 94,933
Furniture and equipment	47,532	50,325
Land and buildings	13,511	12,384

Transportation equipment	108,411	107,116
Leasehold improvements	13,324	23,063
Marine equipment	95	107
Total property, plant and equipment	275,028	287,928
Less: accumulated depreciation	(163,462)	(163,943)
Total property, plant and equipment, net	$ 111,566	$ 123,985

Amounts above include $4.1 million and $4.0 million of construction in progress as of December 31, 2013 and 2012, respectively. Depreciation expense included in operating expense for the years ended December 31, 2013, 2012 and 2011 was $27.1 million, $31.4 million and $37.6 million, respectively.

5. Goodwill and Intangible Assets

The Company s goodwill by segment as of December 31, 2013, 2012 and 2011 was as follows (in thousands):

Utility T&D	***Goodwill***	***Impairment Reserves***	***Total, Net***
Balance as of January 1, 2012	$ 151,610	$ (143,543)	$ 8,067
Impairment losses		(8,067)	(8,067)
Balance as of December 31, 2012	$ 151,610	$ (151,610)	$
Impairment losses			
Balance as of December 31, 2013	$ 151,610	$ (151,610)	$

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5. Goodwill and Intangible Assets (continued)

Oil & Gas	***Goodwill***	***Impairment Reserves***	***Total, Net***
Balance as of January 1, 2012	$ 85,395	$ (85,395)	$
Impairment losses			
Balance as of December 31, 2012	$ 85,395	$ (85,395)	$
Impairment losses			
Balance as of December 31, 2013	$ 85,395	$ (85,395)	$

Canada	***Goodwill***	***Impairment Reserves***	***Total, Net***
Balance as of January 1, 2012	$ 2,210	$ (2,210)	$
Impairment losses			
Balance as of December 31, 2012	$ 2,210	$ (2,210)	$
Impairment losses			
Balance as of December 31, 2013	$ 2,210	$ (2,210)	$

Professional Services	***Goodwill***	***Impairment Reserves***	***Total, Net***
Balance as of January 1, 2012	$ 7,427	$ (7,427)	$
Impairment losses			
Balance as of December 31, 2012	$ 7,427	$ (7,427)	$
Impairment losses			
Balance as of December 31, 2013	$ 7,427	$ (7,427)	$

The Company records as goodwill the amount by which the total purchase price the Company pays in its acquisition transactions exceeds its estimated fair value of the identifiable net assets it has acquired. The Company s goodwill impairment assessment includes a two-step fair value-based test and is performed annually, or more frequently if events or circumstances exist which indicate that goodwill may be impaired. The Company has determined that its segments represent its reporting units for the purpose of assessing goodwill impairments.

The first step of the two-step fair value-based test involves comparing the fair value of each of the Company s reporting units with its carrying value, including goodwill. If the carrying value of the reporting unit exceeds its fair value, the second step is performed. The second step compares the carrying amount of the reporting unit s goodwill to the implied fair value of the goodwill. If the implied fair value of goodwill is less than the carrying amount, an impairment loss would be recorded as a reduction to goodwill with a corresponding charge to operating expense.

The Company performs the required annual impairment test for goodwill by determining the fair values of its reporting units using a weighted combination of the following generally accepted valuation approaches:

Income Approach discounted cash flows of future benefit streams;

Market Approach public comparable company multiples of EBITDA; and

Market Approach multiples generated from recent transactions comparable in size, nature and industry.

These approaches include numerous assumptions with respect to future circumstances, such as industry and/or local market conditions that might directly impact operations in the future, and are, therefore, uncertain. These approaches are utilized to develop a range of fair values and a weighted average of these approaches are utilized to determine the best fair value estimate within that range.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5. Goodwill and Intangible Assets (continued)

Income Approach Discounted Cash Flows. This valuation approach derives a present value of the reporting unit s projected future annual cash flows over the next eight years and the present residual value of the segment. The Company used a variety of underlying assumptions to estimate these future cash flows, including assumptions relating to future economic market conditions, sales volumes, costs and expenses and capital expenditures. These assumptions are dependent on regional market conditions, including competitive position, degree of vertical integration, supply and demand for materials and other industry conditions. The discount rate used in the Company s analysis for 2012, specifically the weighted average cost of capital, was approximately 16 percent. The revenue compounded annual growth rates used in the Company s analysis for 2012 varied from (7.7) percent to 3.0 percent. The Company s EBITDA margins derived from these underlying assumptions for its 2012 analysis varied between approximately 8.0 percent and 8.2 percent. The terminal growth rate used for its 2012 analysis was 3.0 percent.

Market Approach Multiples of EBITDA. This valuation approach utilizes publicly traded construction companies enterprise values, as compared to their recent EBITDA information. For the 2012 analysis, the Company used an average EBITDA multiple of 4.3 times in determining this market approach metric. This multiple is used as a valuation metric to the Company s most recent financial performance. The Company used EBITDA as an indicator of demand because it is a widely used key indicator of the cash generating capacity of similar companies.

Market Approach Comparisons of Recent Transactions. This valuation approach uses publicly available information regarding recent third-party sales transactions in the Company s industry to derive a valuation metric of the target s respective enterprise values over their EBITDA amounts. For the Company s 2012 analysis, the Company did not weight this market approach because current economic conditions did not yield significant recent transactions to derive an appropriate valuation metric.

The Company selected these valuation approaches because it believes the combination of these approaches, along with its best judgment regarding underlying assumptions and estimates, provides the Company with the best estimate of fair value. The Company believes these valuation approaches are proven and appropriate for its industry and widely accepted by investors. The estimated fair value would change if the Company s weighting assumptions under these valuation approaches were materially modified. For its 2012 analysis, the Company weighted the Income Approach Discounted Cash Flows at 70 percent, the Market Approach Multiples of EBITDA at 30 percent and the Market Approach Comparison of Recent Transactions at 0 percent This weighting was utilized to reflect fair value in current market conditions.

The Company s valuation model utilizes assumptions, which represent its best estimate of future events, but would be sensitive to positive or negative changes in each of the underlying assumptions as well as an alternative weighting of valuation methods, which would result in a potentially higher or lower goodwill impairment charge.

Detailed below is a table of key underlying assumptions for all reporting units utilized in the fair value estimate calculation for the years ended December 31, 2012 and 2011.

	2012	**2011**
Income Approach Discounted Cash Flows		
Revenue Growth Rates	(7.7)% to 3.0%	2.5% to 41.0%
Weighted Average Cost of Capital	16.0%	17.0% to 18.0%
Terminal Value Rate	3.0%	2.5%
EBITDA Margin Rate	8.0% to 8.2%	4.1% to 12.0%
Market Approach Multiples of EBITDA		
EBITDA Multiples Used	4.3	3.0 to 4.5
Market Approach Comparison of Recent Transactions		
EBITDA Multiples Used	N/A	N/A

In 2012, the Company recorded an impairment charge of $8.1 million in its *Utility T&D* segment which represented a full write-off of the goodwill associated with this segment. The operating performance and future outlook for the electric and gas distribution business in the Northeast continued to decline, which ultimately resulted in the Company s decision to sell the business and discontinue its operations. Further, the challenging competitive landscape contributed to the full write-off of goodwill attributed to this segment.

In 2011, the Company recorded impairment charges of $143.5 million, $30.7 million, $2.2 million and $2.1 million, respectively, in its *Utility T&D*, *Oil & Gas, Canada* and *Professional Services* segments. The slow economic recovery, exacerbated by the instability in world financial markets and the hard-hit U.S. housing sector, resulted in a reassessment of future growth rates and a reduction in the outlook for future cash flows in the *Utility T&D* segment. The impairment charge for the Company s *Oil & Gas, Professional Services* and *Canada* segments represented a full write-off of goodwill associated with these segments and was a result of a depressed fair market valuation.

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WILLBROS GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5. Goodwill and Intangible Assets (continued)

The Company s intangible assets as of December 31, 2013 and 2012 were as follows (in thousands):

	December 31, 2013				
	Customer Relationships	Trademark/ Tradename	Non-compete Agreements	Technology	Total
Balance as of December 31, 2012	$ 143,909	$ 9,702	$ 328	$ 4,123	$ 158,062
Amortization	(13,037)	(1,275)	(220)	(550)	(15,082)
Other		159			159
Balance as of December 31, 2013	$ 130,872	$ 8,586	$ 108	$ 3,573	$ 143,139
Weighted average remaining amortization period	10.3 yrs	6.4 yrs	0.5 yrs	6.5 yrs	

	December 31, 2012				
	Customer Relationships	Trademark/ Tradename	Non-compete Agreements	Technology	Total
Balance as of December 31, 2011	$ 156,857	$ 10,794	$ 550	$ 4,675	$ 172,876
Amortization	(12,948)	(1,263)	(222)	(552)	(14,985)
Other		171			171
Balance as of December 31, 2012	$ 143,909 &nbs				