Willbros Group, Inc.\NEW\
Form 10-K
March 30, 2018
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K
(Mark One)
ý ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2017
OR
¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to
Commission file number 1-34259
Willbros Group, Inc.
(Exact name of registrant as specified in its charter)

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

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

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

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

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ¨ No ý
Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes ¨ No ý
Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ý No ¨
Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of the Regulation S-T during the preceding 12 months (or such shorter period that the Registrant was required to submit and post such files). Yes ý No ¨
Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ¨
Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting

company” in Rule 12b-2 of the Exchange Act.
Large accelerated filer ¨Accelerated filer ý
Non-accelerated filer ¨Smaller Reporting Company ¨
If an emerging growth company, indicate by check mark if the Registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ¨
Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No ý
The aggregate market value of the Registrant’s Common Stock held by non-affiliates of the Registrant on the last business day of the Registrant’s most recently completed second fiscal quarter (based on the closing sales price on the New York Stock Exchange on June 30, 2017) was $127,979,239.
The number of shares of the Registrant’s Common Stock outstanding at March 26, 2018 was 63,221,610.
DOCUMENTS INCORPORATED BY REFERENCE
Certain information called for in Items 10 through 14 of Part III are incorporated by reference to the Registrant's Definitive Proxy Statement for its Annual Meeting of Stockholders, or will be included in an amendment to this Annual Report on Form 10-K.

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FORWARD-LOOKING STATEMENTS

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

- our stockholders fail to approve the proposed merger transaction with Primoris;
- we or the other parties to the merger agreement are unable to satisfy the conditions to the completion of the merger, or are unable to obtain any regulatory approvals required for the merger on the terms expected, on the anticipated schedule, or at all;
- we are unable to close the merger or the merger is delayed, either as a result of litigation related to the transaction or otherwise;
- the parties are unable to achieve the anticipated benefits of the merger transaction;
- completing the merger may distract our management from other important matters;
- inability to comply with the financial and other covenants in or to obtain waivers under our credit facilities;
- the loss of customers, suppliers and key personnel that may occur as a result of our issuing financial statements with a "going concern" qualification or explanation, and the possibility that we may seek protection under the U.S. Bankruptcy Code;
- inability to obtain adequate financing on reasonable terms;
- curtailment of capital expenditures due to low prevailing commodity prices or other factors, and the unavailability of project funding in the power and oil and gas industries;
- inability to execute fixed-price and cost-reimbursable projects within the target cost, thus eroding contract margin and, potentially, contract income on any such project;
- inability to satisfy New York Stock Exchange ("NYSE") continued listing requirements for our common stock;
- increased capacity and decreased demand for our services in the more competitive industry segments that we serve;
- the demand for energy moderating or diminishing;
- cancellation or delay of projects, in whole or in part, for any reason;
- failure to obtain the timely award of one or more projects;
- inability to obtain sufficient surety bonds or letters of credit;
- reduced creditworthiness of our customer base and higher risk of non-payment of receivables;
- project cost overruns, unforeseen schedule delays and the application of liquidated damages;
- inability to lower our cost structure to remain competitive in the market or to achieve anticipated operating margins;
- inability of the energy service sector to reduce costs when necessary to a level where our customers' project economics support a reasonable level of development work;
- reduction of services to existing and prospective clients when they bring historically out-sourced services back in-house to preserve intellectual capital and minimize layoffs;

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- the consequences we may encounter if, in the future, we identify any material weaknesses in our internal control over financial reporting, which may adversely affect the accuracy and timing of our financial reporting;
- the impact of any litigation, including class actions associated with our restatement of first and second quarter 2014 financial results on our financial position and results of operations, including our defense costs and the costs and other effects of settlements or judgments;
- adverse weather conditions not anticipated in bids and estimates;
- the occurrence during the course of our operations of accidents and injuries to our personnel, as well as to third parties, that negatively affect our safety record, which is a factor used by many clients to pre-qualify and otherwise award work to contractors in our industry;
- failing to realize cost recoveries on claims or change orders from projects completed or in progress within a reasonable period after completion of the relevant project;
- political or social circumstances impeding the progress of our work and increasing the cost of performance;
- inability to predict the timing of an increase in energy sector capital spending, which results in staffing below the level required to service such an increase;
- 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;
- loss of the services of key management personnel;
- the consequences we may encounter if we violate the Foreign Corrupt Practices Act (the “FCPA”) or other anti-corruption laws in view of the 2008 final settlements with the Department of Justice and the Securities and Exchange Commission (“SEC”) in which we admitted prior FCPA violations, including the imposition of civil or criminal fines, penalties, enhanced monitoring arrangements, or other sanctions that might be imposed;
- the dishonesty of employees and/or other representatives or their refusal to abide by applicable laws and our established policies and rules;
- inability to obtain and maintain legal registration status in one or more foreign countries in which we are seeking to do business;
- downturns in general economic, market or business conditions in our target markets;
- changes in and interpretation of U.S. and foreign tax laws that impact our worldwide provision for income taxes and effective income tax rate;
- changes in applicable laws or regulations, or changed interpretations thereof, including climate change regulation;
- changes in the scope of our expected insurance coverage;
- inability to manage insurable risk at an affordable cost;
- enforceable claims for which we are not fully insured;
- incurrence of insurable claims in excess of our insurance coverage;
- the occurrence of the risk factors listed elsewhere in this Form 10-K or described in our periodic filings with the SEC; and
- other factors, most of which are beyond our control.

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

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

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PART I
Items 1. and 2. Business and Properties
Company Information
Willbros is a specialty energy infrastructure contractor serving the power and oil and gas industries with offerings that primarily include construction, maintenance and facilities development services. We provide our services through operating subsidiaries, and our corporate structure is designed to comply with jurisdictional and registration requirements and to minimize worldwide taxes. Subsidiaries may be formed in specific work locations where such subsidiaries are necessary or useful to comply with local laws or tax objectives.

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.

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

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

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

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

Current Developments
Merger Agreement
On March 27, 2018, we entered into an Agreement and Plan of Merger (the "Merger Agreement") with Primoris and Waco Acquisition Vehicle, Inc., a wholly-owned subsidiary of Primoris (the "Merger Sub"). Pursuant to the Merger Agreement, Merger Sub will be merged into us, and we will become a wholly owned subsidiary of Primoris. The Merger Agreement includes customary representations, warranties and covenants. Primoris will pay $0.60 per share for all of our outstanding common stock. The Merger Agreement is expected to close in the second quarter of 2018, subject to satisfaction of customary closing conditions, including approval of the Merger Agreement by the requisite vote of our stockholders. Upon termination of the Merger Agreement in certain circumstances, we are obligated to pay Primoris a termination fee of $4.3 million and, in certain other circumstances, a termination fee of $8.0 million.

Term Forbearance Agreement
On March 27, 2018, we entered into a Forbearance Agreement (the "Term Forbearance Agreement") with the lenders under the 2014 Term Credit Agreement (the "Term Lenders"). Under the Term Forbearance Agreement, the Term Lenders agreed to, among other things, forbear from taking any action to enforce certain of their rights or remedies under the 2014 Term Credit Agreement with respect to certain defaults and events of default (the "Term Specified Defaults"). The Term Forbearance Agreement is effective until the earliest of (i) August 15, 2018 or the closing of the Merger Agreement or (ii) the occurrence of any one of several specified termination events including, among other things, the termination of the Merger Agreement (the "Term Forbearance Period"). The effectiveness of the Term

Forbearance Agreement is conditioned on the occurrence of several events, including the execution of the Merger Agreement and the Seventh Amendment. Upon expiration of the Term Forbearance Agreement or if we were to default under the Term Forbearance Agreement or the 2014 Term Credit Agreement,

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other than Term Specified Defaults, the Term Lenders would be free to exercise any rights and remedies with respect to such defaults and events of defaults pursuant to the terms of the 2014 Term Credit Agreement.

ABL Forbearance Agreement

On March 27, 2018, we entered into a Limited Forbearance Agreement (the "ABL Forbearance Agreement") with the lenders under the 2013 ABL Credit Facility (the "ABL Lenders"). Under the ABL Forbearance Agreement, the ABL Lenders agreed to, among other things, forbear from taking any action to enforce certain of their rights or remedies under the 2013 ABL Credit Facility with respect to certain defaults and events of default (the "ABL Specified Defaults"). The ABL Forbearance Agreement is effective until the earliest of (i) July 31, 2018 or the closing of the Merger Agreement or (ii) the occurrence of any one of several specified termination events including, among other things, the termination of the Merger Agreement (the "ABL Forbearance Period"). The effectiveness of the ABL Forbearance Agreement is conditioned on the occurrence of several events, including the execution of the Merger Agreement and the Seventh Amendment. Upon expiration of the ABL Forbearance Agreement or if we were to default under the ABL Forbearance Agreement or the 2013 ABL Credit Facility, other than ABL Specified Defaults, the ABL Lenders would be free to exercise any rights and remedies with respect to such defaults and events of defaults pursuant to the terms of the 2013 ABL Credit Facility.

Seventh Amendment to the 2014 Term Credit Agreement

On March 27, 2018, (the "Seventh Amendment Effective Date"), we amended the 2014 Term Credit Agreement pursuant to a Seventh Amendment among Willbros Group, Inc., as borrower, the guarantors from time to time party thereto, Primoris as initial first-out lender, the lenders from time to time party thereto and Cortland Capital Market Services LLC, as administrative agent (the "Seventh Amendment"). Under the terms of the Seventh Amendment, Primoris will provide us with an additional term loan in an amount equal to $10.0 million (the "Initial First-Out Loan") to be drawn in full no earlier than three business days after the Seventh Amendment Effective Date. The Initial First-Out Loan is subject to various terms and conditions including that no defaults shall have occurred and be continuing under the 2013 ABL Credit Facility or the 2014 Term Credit Agreement other than ABL Specified Defaults and Term Specified Defaults.

In addition, under the terms of the Seventh Amendment, Primoris may provide us with additional term loans in an aggregate amount not to exceed $10.0 million (the "Additional First-Out Loans"). Interest payable with respect to the Initial First-Out Loan and any Additional First-Out Loans will be paid in-kind through additions to the principal amount of such loans.

The Seventh Amendment further provides that, until the termination of the Term Forbearance Period, the due date of any payments due and owing to the lenders (other than Primoris) under the 2014 Term Credit Agreement will be deferred until the fifth business day after the date of the termination of the Term Forbearance Period. In addition, the Seventh Amendment provides that the payment by the borrower of an amount equal to $100.0 million plus the expenses of the administrative agent in an amount not to exceed $1.1 million shall constitute payment in full and satisfaction and discharge of all obligations of the borrower and the other loan parties under the 2014 Term Credit Agreement, but solely if such payment is made in connection with the consummation of the merger.

Going Concern

We have incurred significant operating losses, cash outflows from operating activities and a net working capital deficiency, We do not expect to be in compliance with the Maximum Total Leverage Ratio and Minimum Interest Coverage Ratio under the 2014 Term Credit Agreement beginning with the quarterly period ending March 31, 2018, primarily due to these significant operating losses in 2017. In addition, we are not in compliance with certain other provisions under the 2014 Term Credit Agreement and the 2013 ABL Credit Facility, which expires on August 7, 2018. Absent the temporary forbearance provided under the Term Forbearance Agreement and the ABL Forbearance Agreement, all of our debt obligations would become due under the default provisions in the 2014 Term Credit Agreement and the 2013 ABL Credit Facility. In addition, these significant operating losses and cash outflows have put a considerable strain on our overall liquidity. Although the Seventh Amendment provides us with additional short-term liquidity for the period between the signing of the Merger Agreement and the completion of the merger, we

can provide no assurance that the merger will be completed. If we are unable to complete the merger, we will likely need to explore other strategic alternatives, which could include seeking protection under the U.S. Bankruptcy laws. Our continuing failure to comply with financial covenants and other covenants, our inability to extend or refinance the 2013 ABL Credit Facility and our continuing liquidity issues raise substantial doubt about our ability to continue as a going concern, notwithstanding the temporary forbearance provided under the Term Forbearance Agreement and the ABL Forbearance Agreement and the short-term liquidity provided by the Seventh Amendment.

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In consideration of the above facts and circumstances, at December 31, 2017, we have classified all of our debt obligations as current, which has caused our current liabilities to far exceed our current assets since such date. These debt obligations, net of unamortized discount and debt issuance costs, approximate $133.3 million at December 31, 2017.

Sale of Mainline Pipeline Construction Business

On January 9, 2018, we entered into an agreement to sell assets comprising our mainline pipeline construction business to WB Pipeline, LLC, an affiliate of Meridien Energy, LLC ("Meridien").

As part of the agreement, we retained the three mainline pipeline construction projects associated with the business through their completion. Two of these projects have reached mechanical completion with an existing letter of credit returned in the first quarter of 2018. The remaining right-of-way restoration and other clean-up activities associated with these projects are expected to be completed by the end of the third quarter of 2018.

With respect to the remaining mainline pipeline construction project, in the first quarter of 2018, we reached a settlement with the customer to mutually conclude the remaining work. In addition, the settlement releases us from further liability at the completion of the project. As such, we have withdrawn and released any outstanding change orders or claims associated with the project.

Business Segments

We have three reportable segments: Utility T&D, Canada and Oil & Gas. These segments are comprised of strategic businesses that are defined by the industries or geographic regions they serve. Each segment is led by a separate segment President who reports directly to our Chief Operating Decision Maker ("CODM").

The CODM evaluates segment performance using operating income which is defined as contract revenue less contract costs and segment overhead, such as amortization related to intangible assets and general and administrative expenses that are directly attributable to the segment.

One of our customers in our Utility T&D segment, Oncor, was responsible for 25.0 percent, 25.0 percent and 17.9 percent of our consolidated revenue from continuing operations for 2017, 2016 and 2015, respectively. Another one of our customers in our Oil & Gas segment, Enterprise Products Partners L.P., was responsible for 9.8 percent, 9.4 percent and 12.5 percent of our consolidated revenue from continuing operations in 2017, 2016 and 2015, respectively. See Note 14 – Segment Information in Item 8 of this Form 10-K for more information on our reportable segments and our contract revenue by geographic region.

On March 5, 2018, Oncor notified us of its election to extend its alliance agreement with the Company, under the terms and conditions currently in effect, through December 31, 2019.

On November 30, 2015, we sold the balance of our Professional Services segment to TRC Companies ("TRC"). As a result, the results of operations, financial position, cash flows and disclosures of the Professional Services segment, including the previously sold subsidiaries in 2015 of Willbros Engineers, LLC and Willbros Heater Services, LLC (collectively "Downstream Professional Services"), Premier Utility Services, LLC ("Premier") and UtilX Corporation ("UtilX"), are presented as discontinued operations for all periods presented. See Note 18 – Discontinued Operations in Item 8 of this Form 10-K for more information on our discontinued operations.

Utility T&D

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

Electric Power T&D Services

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

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Electric Engineering T&D Services

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

Electric Power Transmission and Substation

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

Electric Power Distribution

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

Emergency Storm Response

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

Telecommunications

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

Natural Gas T&D Services

We provide a full spectrum of natural gas T&D services related to the maintenance, construction and installation of residential natural gas service. Our services include turnkey underground distribution construction, using steel and plastic pipe, replacement and new business main line construction and service line installations, pipeline projects through any terrain, horizontal auger boring and specialty services including bridge crossings, vacuum excavation and water main line and service construction.

Renewable Energy Services

We provide construction services for transmission lines, collection substations and distribution collector systems required for renewable energy facilities, including turnkey services for balance of plant construction.

Canada

In Western Canada, Willbros is an industry leader in construction, maintenance and fabrication, well-known for piping projects, including integrity and supporting civil work, general mechanical and facility construction, American Petroleum Institute (“API”) storage tanks and general fabrication and wear products, along with electrical and instrumentation projects serving the Canadian energy industry. We have had specialized facilities and offices throughout Alberta since 2001 in Fort McMurray, Edmonton and Calgary, Alberta. These offices are locally staffed with dedicated and experienced professionals, ideally suited to serve our clients in Western Canada. We are an industrial infrastructure construction and maintenance contractor, providing a diverse and complementary suite of services to meet our clients’ expectations through safe, productive, high-quality execution both in the field and in our fabrication facilities.

Pipeline Services

A cornerstone of our business is the construction and maintenance of Hydrotransport and Tailings Lines (“HTTL”) in the oil sands mine sites of the Wood Buffalo region of Northern Alberta. Our expertise is not only in new construction of HTTL,

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but the ongoing rotation and maintenance of these lines as well. Our scope includes other pipeline projects both above and below ground ranging in diameter from 2 inches to greater than 48 inches in a variety of materials. We have over 55 acres of land in the Wood Buffalo region that we utilize for project staging and high volume pipe joining works. Our crews are well-equipped and capable of performing civil earthworks including corridor construction, trenching, backfill, grading, road construction, crossings and bores, berms, pipe culverts, excavation and hauling.

Outside the oil sands mines, Pipeline Services provides a range of new construction and maintenance services for In-Situ Extraction sites and mainline pipeline customers. New construction scopes comprise short-run, above and below ground pipelines of various diameters. An increased focus and strategy has been directed towards pipeline integrity work including dig-ups and repair. Regulators, industry and public concern continue to emphasize and require more robust integrity programs to ensure safety and reliable leak-free performance.

Maintenance Services

Building our long-standing pipeline maintenance services, we have expanded into industrial plant shutdowns, turnarounds and general maintenance, including API tank maintenance. This service line works to expand services to existing customers in the oil and gas sector and develop new relationships in power, pulp and paper and agribusiness.

Construction Services

This service line offers multi-discipline greenfield and brownfield facility construction services, completing mid-size and sustaining capital projects and fabrication for customers across Western Canada. The majority of the work is self-performed and is comprised of pipe spool fabrication, civil, structural, piping, millwrighting, and electrical and instrumentation (“E&I”). While the majority of our work services the oil and gas industry, we also construct water and wastewater treatment projects for municipal customers.

Construction Services provides engineering-procurement-construction (“EPC”) services for above-ground steel storage tanks to API 620 and API 650 specifications. Our civil, piping and E&I capabilities allow us to deliver the full scope of new tank construction, streamlining our customers’ procurement and project management processes.

Our fabrication facility is located on 23 acres of land accessible to the high-load corridor in Edmonton. Its specialties include 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; and pipe spool and other general carbon steel fabrication (e.g. expansion barrels, block valves, traps and other piping-related components including double jointing and handling).

Oil & Gas

We provide construction, maintenance and lifecycle extension services to the midstream markets.

Facilities Construction

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

Small-Diameter Midstream Pipeline Construction

As part of Lineal Industries, Inc., we offer a complete range of pipeline construction services including new transmission pipelines, midstream gathering systems and various other fabrication, installation, clearing, development and restoration services.

Pipeline Integrity Construction

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

Tank Services

On January 2, 2018, we sold our tank services business to ATS Group, Inc. (“ATS”). See Note 5 – Assets Held for Sale in Item 8 of this Form 10-K for more information.

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Our tank services business provided services to the above-ground storage tank industry including API compliant tank maintenance and repair; floating roof seals; floating roof installations and repairs; secondary containment bottoms, cone roof and structure replacements; and new API compliant above-ground storage tanks. These services were provided on a stand-alone basis or in combination with balance of plant pumping, metering and piping systems.

Mainline Pipeline Construction

On January 9, 2018, we entered into an agreement to sell assets comprising our mainline pipeline construction business to Meridien.

Our mainline pipeline construction business provided multiple services needed to support the transportation and storage of hydrocarbons including gathering, lateral and main-line pipeline systems.

Insurance and Bonding

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

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

Our balance sheet and overall financial condition currently precludes us from obtaining surety bonds with reasonable terms and pricing.

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

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

Contract Provisions and Subcontracting

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

- unit-price contracts, which specify a price for each unit of work performed;
- 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;

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- time and materials contracts where personnel and equipment are provided under an agreed-upon schedule of daily rates with other direct costs being reimbursable;
- a combination of the above (including lump sum payment for certain items and unit rates for others); and
- MSAs under which we receive work orders for specific projects and which involve one or more of the foregoing categories.

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

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

In evaluating bid opportunities, we consider such factors as the clients and their geographic location, the difficulty of the work, current and projected workload, the likelihood of additional work, surety bond requirements, 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.

Certain bid opportunities require surety bonds. Recently, our assessment of size, terms and collateral requirements of surety bonds has impacted our ability to bid certain projects and build subsequent backlog.

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

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

Under a fixed-price contract, we agree on the price that we will receive for the entire project, based upon specific assumptions and project criteria. If our estimates of our own costs to complete the project are below the actual costs that we may incur, our margins will decrease, possibly resulting in a loss. The revenue, cost and gross profit realized on a fixed-price contract will often vary from the estimated amounts because of unforeseen conditions or changes in job conditions and variations in labor and equipment productivity over the term of the contract. If we are unsuccessful in mitigating these risks, we may realize gross profits that are different from those originally estimated and may incur losses on projects. Depending on the size of a project, these variations from estimated contract performance could have a significant effect on our operating results for any quarter or year. In some cases, we are able to recover additional costs and profits from the client through the change order process. In general, turnkey contracts to be performed on a fixed-price basis involve an increased risk of significant variations. This increased risk is a result of the nature of these contracts and the inherent difficulties in estimating costs and of the interrelationship of the integrated services to be provided under these contracts whereby unanticipated costs or delays in performing part of the contract can have compounding effects by increasing costs of performing other parts of the contract. Our accounting policy related to contract variations and claims requires recognition of all costs as incurred. Revenue from change orders, extra work and variations in the scope of work is recognized when an agreement is reached with the client as to the scope of work and when it is probable that the cost of such work will be recovered in a change in contract price. Profit on change orders, extra work and variations in the scope of work are recognized when realization is reasonably assured. Also included in contract costs and recognized income not yet billed on uncompleted contracts are amounts we seek or will seek to collect from customers or others for errors or changes in contract specifications or

design, contract change orders in dispute or unapproved as to both scope and price, or other customer-related causes of unanticipated additional contract costs (unapproved change orders). These amounts are recorded at their estimated net realizable value when realization is probable and can be reasonably estimated. Unapproved change orders and claims also involve the use of estimates, and it is reasonably possible that revisions to the estimated recoverable amounts of recorded unapproved change orders may be made in the near term. If we do not successfully resolve these matters, a net expense (recorded as a reduction in revenues), may be required, in addition to amounts that have been previously provided.

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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. Industry trends could increase the proportion of our contracts being performed on a unit-price or fixed-price basis, increasing our profitability risk.

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

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

Oncor Alliance Agreement

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

Term, Renewals and Extensions. The agreement became effective on August 1, 2008 and will continue until expiration on December 31, 2018, unless extended, renewed or terminated in accordance with its terms. On March 5, 2018, Oncor notified us of its election to extend its agreement with the Company, under the terms and conditions currently in effect, through December 31, 2019.

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 upon incentives and adjustments for us and for Oncor according to Oncor's projected spending levels. Calculations based on projected spending levels are subject to subsequent adjustments based on actual spending levels. The agreement also requires that we provide dedicated resources to Oncor and that we meet or exceed minimum service levels as measured by specified performance indicators.

Termination. Oncor could in some cases seek to terminate for cause or limit our activity or seek to assess penalties against us under the agreement. Oncor may terminate the agreement upon 90-days' notice or any work request thereunder without prior notice in each case at its sole discretion and may terminate the agreement upon 30-days' notice in the event there is an announcement of the intent to undertake or an actual occurrence of a change in control of Oncor or Willbros Utility T&D

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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, 2017, we directly employed a multi-national work force of 3,996 persons, of which approximately 99.8 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 5,620 over the past five years. The minimum employment during that period was 3,165 and the maximum was 9,399. At December 31, 2017, approximately 11.3 percent of our employees were covered by collective bargaining agreements. We believe relations with our employees are satisfactory. The following table sets forth the location of employees by segment as of December 31, 2017:

	Number of Employees	Percent
Utility T&D	2,233	55.8 %
Canada	546	13.7 %
Oil & Gas	1,163	29.1 %
Corporate	54	1.4 %
Total	3,996	100.0%

Equipment

We own, lease and maintain a fleet of generally standardized construction, transportation and support equipment. In 2017, 2016 and 2015, expenditures for capital equipment were $2.6 million, $3.8 million and $2.2 million, respectively. At December 31, 2017, the net book value of our property, plant and equipment was approximately $30.1 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. In recent years, we have disposed of a significant amount of equipment through this process.

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Facilities

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

Principal Facilities

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

* Sold, transferred or agreed to be sold as part of asset sale subsequent to December 31, 2017.

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 related to continuing operations was approximately $6.2 million in 2017, $6.6 million in 2016 and $8.1 million in 2015.

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.

In June 2017, President Trump announced that the United States intends to withdraw from the Paris Agreement to reduce global greenhouse gas emissions and to seek negotiations to reenter the Paris Agreement on different terms or a separate agreement. Moreover, the EPA may or may not continue developing regulations to reduce greenhouse gas emissions from the oil and natural gas industry. Even if federal efforts in this area slow, states may continue pursuing climate regulations. Any laws or regulations that may be adopted to restrict or reduce emissions of greenhouse gases could require us or our customers to incur additional operating costs, such as costs to purchase and operate emissions controls, to obtain emission allowances or to pay emission taxes, and reduce demand for our services. Likewise, we cannot predict with any certainty whether any changes to temperature, storm intensity or precipitation patterns as a result of climate change (or otherwise) will have a material impact on our operations.

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

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Item 1A. Risk Factors
The nature of our business and operations subjects us to a number of uncertainties and risks.
RISKS RELATED TO OUR BUSINESS
Our merger with Primoris may not be completed. Due to our substantial liquidity concerns, if we are unable to complete the merger, we would likely need to seek protection under the U.S. Bankruptcy Code, which may harm our business and place stockholders at significant risk of losing all, or substantially all, of their investment.
On March 27, 2018, we entered into the Merger Agreement with Primoris and Merger Sub, pursuant to which we would become a wholly-owned subsidiary of Primoris. Subject to the terms and conditions set forth in the Merger Agreement, at the effective time of the merger, each share of our common stock, other than shares owned by us or one of our subsidiaries, and shares owned by stockholders who have exercised their rights as dissenting owners under Delaware law, will be automatically converted into the right to receive $0.60 per share in cash, without interest (the "Merger Consideration").
On March 27, 2018, we also entered into the ABL Forbearance Agreement, the Term Forbearance Agreement (collectively, the "Forbearance Agreements"), and the Seventh Amendment, which are more fully discussed under Items 1 and 2, Business and Properties under the caption "Current Developments" in this Annual Report on Form 10-K. Pursuant to the Forbearance Agreements, we have acknowledged that certain specified defaults and events of default have occurred and are continuing or will occur under the 2014 Term Credit Agreement and 2013 ABL Credit Facility. The Forbearance Agreements further provide that the administrative agents and lenders under such credit agreements will forbear from exercising their rights and remedies under the respective credit agreements and other related loan documents that arise solely as a result of the specified defaults for a limited period expiring on the earlier of (i) July 31, 2018 or the closing of the Merger Agreement, in the case of the ABL Forbearance Agreement, and August 15, 2018 or the closing of the Merger Agreement, in the case of the Term Forbearance Agreement, or (ii) the occurrence of any one of several specified termination events, including, among other things, the termination of the Merger Agreement. Pursuant to the Seventh Amendment, Primoris has agreed to make a loan to us in a principal amount of $10.0 million under the 2014 Term Credit Agreement no earlier than three business days after the effective date of the Seventh Amendment and may agree to make additional loans to us in an aggregate amount not to exceed $10.0 million.
The Merger Agreement provides that we, Primoris and Merger Sub will use each of their respective reasonable best efforts, subject to certain exceptions, to, among other things, consummate the transactions contemplated by the Merger Agreement as soon as reasonably practicable and make all required filings and obtain all required consents, registrations, permits, regulatory approvals and expirations or terminations of waiting periods.
Consummation of the merger is subject to various conditions, including, among others, customary conditions relating to the approval of the Merger Agreement by the requisite vote of our stockholders and any applicable filings with or authorizations, consents or waivers from third parties. The obligation of each party to consummate the merger is also conditioned on the other parties' representations and warranties being true and correct (subject to certain materiality exceptions) and the other parties having performed in all material respects its obligations and complied in all material respects with the agreements and covenants under the Merger Agreement.
The Merger Agreement contains termination rights for each of us and Primoris, including, among others, if the merger has not been consummated by August 15, 2018. Either party may also terminate the Merger Agreement if the requisite vote of our stockholders has not been obtained at a duly convened meeting of our stockholders or an order permanently restraining, enjoining, or otherwise prohibiting consummation of the merger becomes final and non-appealable. Primoris may also terminate the Merger Agreement if any default or event of default occurs under our 2013 ABL Credit Facility or 2014 Term Credit Agreement (other than specified defaults which are the subject of the Forbearance Agreements), or if any forbearance set forth in either of the Forbearance Agreements ceases to be effective.
Our continuing failure to comply with financial covenants and other covenants, our inability to extend or refinance our 2013 ABL Credit Facility and our continuing liquidity issues raise substantial doubt about our ability to continue as a

going concern, notwithstanding the temporary forbearance provided under the Forbearance Agreements and the short-term liquidity provided by Primoris under the Seventh Amendment. If we are unable to complete the merger, our indebtedness under the 2014 Term Credit Agreement and 2013 ABL Credit Facility will become due, and we will likely need to seek protection under the U.S. Bankruptcy laws.

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The Merger Agreement limits our ability to pursue alternatives to the merger.
The Merger Agreement contains provisions that could adversely affect competing proposals to acquire us. These provisions include the prohibition on us generally from soliciting any acquisition proposal or offer for a competing transaction. These provisions may discourage a third party that might have an interest in acquiring all or a significant part of our company from considering or proposing an acquisition, even if that party were prepared to pay consideration with a higher value than the current proposed Merger Consideration.
We will be subject to business uncertainties and contractual restrictions while the merger is pending.
Uncertainty about the outcome of the merger may have an adverse effect on us. These uncertainties may impair our ability to attract, retain and motivate key personnel until the merger is completed, and could cause our customers, suppliers and vendors to seek to change existing business relationships, cease doing business with us or delay doing business with us until the merger has been successfully completed. Retention of certain employees may be challenging during the pendency of the merger, as certain employees may experience uncertainty about their future roles or compensation structure. If key employees depart because of issues relating to the uncertainty and difficulty of integration or a desire not to remain with the business, our business prior to the merger could be negatively impacted. In addition, the Merger Agreement restricts us from taking various specified actions until the merger is completed or terminated without the consent of Primoris. These restrictions may prevent us from pursuing attractive business opportunities that may arise prior to the completion of the merger.
The NYSE has commenced proceedings to delist our common stock. Since our common stock is not listed on any other national securities exchange, it will likely be more difficult for stockholders and investors to sell our common stock or to obtain accurate quotations of the share price of our common stock.
As a result of our failure to maintain certain standards for continued listing on the NYSE, on March 27, 2018, the NYSE announced that it has suspended trading of our common stock effective immediately, based on its determination that the trading price of our common stock was “abnormally low,” and its decision to commence delisting proceedings. We expect the NYSE will file a Form 25 to delist our common stock and that our delisting will become effective in the near future. Due to the suspension of trading and likely delisting, our common stock has begun trading over-the-counter.
Stocks trading on the over-the-counter market are typically less liquid than stocks that trade on a national securities exchange. Trading on the over-the-counter market may also negatively impact the trading price of our common stock. In addition, the liquidity of our common stock may be impaired, not only in the number of shares that are bought and sold, but also through delays in the timing of transactions, and coverage by security analysts and the news media, if any, of us. Stockholders may find it difficult to resell their shares of our common stock, due to the delisting. The delisting of our common stock from the NYSE may also result in other negative implications, including the potential loss of confidence by customers, suppliers, vendors and employees, and loss of institutional investor interest in our common stock.
We may not be able to compete for, or work on, certain projects if we are not able to obtain any necessary bonds, letters of credit, bank guarantees or other financial assurances.
Our contracts may require that we provide to our customers security for the performance of their projects in the form of bonds, letters of credit or other financial assurances. Changes in our sureties’ assessment of our operating and financial risk could cause our surety providers to decline to issue or renew, or substantially reduce the amount of, bid or performance bonds for our work. These actions could be taken on short notice. If our surety providers or lenders were to limit or eliminate our access to bonding or letters of credit, our alternatives would include seeking capacity from other sureties and lenders and finding more business that does not require bonds or allows for other form of collateral for project performance, such as cash. We may be unable to secure these alternatives in a timely manner, on acceptable terms, or at all, which could affect our ability to bid for or work on future projects requiring financial assurances. Furthermore, under standard terms in the surety market, sureties issue or continue bonds on a project-by-project basis and can decline to issue bonds at any time or require the posting of collateral as a condition to issuing or renewing any bonds.

We are currently experiencing an interruption in the availability of our bonding capacity due to our current balance sheet and overall financial condition, and, as a result, we are unable to compete for or work on certain projects that would require bonding.

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Our business is highly dependent upon the level of capital expenditures by electric power and oil and gas companies on infrastructure.

Our revenue and cash flow are primarily dependent upon major construction projects. The availability of these types of projects is dependent upon the economic condition of the electric power and oil and gas industries and, specifically, the level of capital expenditures of electric power and oil and gas 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 electric power and oil and gas prices;
- the demand for electricity and gasoline;
- the abilities of electric power and oil and gas companies to generate, access and deploy capital;
- regulatory restraints on the rates that electric power companies may charge their customers;
- 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;
- local and international political and economic conditions; and
- technological advances.

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

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

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

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

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

A pending securities class action against us has resulted in significant costs and expenses, has diverted resources and could have a material adverse effect on our business, financial condition, results of operations or cash flows if a preliminary settlement does not receive final approval.

We have reached an agreement in principle to settle the consolidated securities class action that had been filed in 2014 against us and two of our former Chief Executive Officers and our former Chief Financial Officer. The settlement, if

approved by the Court, will be funded by our insurance carriers and will include the dismissal of all claims against defendants.

As further described in Note 15 of our Notes to Consolidated Financial Statements in this Annual Report on Form 10-K, this securities class action was filed against us in the United States District Court for the Southern District of Texas on behalf of

a class of purchasers of our stock alleging damages on their behalf after we announced that we would be restating our Condensed Consolidated Financial Statements for the quarterly periods ended March 31, 2014 and June 30, 2014. This matter has resulted in significant costs and expenses, has diverted resources and if the settlement is not approved by the Court could have a material adverse effect on our business, financial condition, results of operations or cash flows.

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

A significant portion of our revenue 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 such as highly unusual weather patterns or changes in job conditions and variations in labor and equipment productivity over the term of the contract. If we are unsuccessful in mitigating these risks, we may realize gross profits that are different from those originally estimated and incur reduced profitability or losses on projects. Depending on the size of a project, these variations from estimated contract performance could have a significant effect on our operating results for any quarter or year. In general, turnkey contracts to be performed on a fixed-price basis involve an increased risk of significant variations. This risk is a result of the long-term nature of these contracts and the inherent difficulties in estimating costs and of the interrelationship of the integrated services to be provided under these contracts, whereby unanticipated costs or delays in performing part of the contract can have compounding effects by increasing costs of performing other parts of the contract.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

We operate primarily in the power and oil and gas industries, providing services to a limited number of clients. Much of our success depends on developing and maintaining relationships with our major clients and obtaining a share of contracts from these clients. The loss of any of our major clients could have a material adverse effect on our operations. One client was responsible for approximately 25.0 percent of total contract revenue from continuing operations in 2017. This client was also responsible for 37.5 percent of our 12-month backlog and 29.0 percent of our total backlog at December 31, 2017.

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

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

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Our operations are subject to a number of operational risks.
Our business operations include a wide range of services in electric power and natural gas transmission and distribution, along with pipeline construction, fabrication and pipeline rehabilitation services. We may encounter difficulties that impact our ability to complete a project in accordance with the original delivery schedule. These difficulties may be the result of delays in designs, engineering information or materials provided by the customer or a third party, delays or difficulties in equipment and material delivery, schedule changes, delays from our customer's failure to timely obtain permits or rights-of-way or meet other regulatory requirements, weather-related delays, delays caused by difficult worksite environments and other factors, some of which are beyond our control. We also may encounter project delays due to local opposition, which may include injunctive actions as well as public protests, to the siting of electric transmission lines, pipelines or other facilities, especially those which are located in environmentally or culturally sensitive areas and more heavily populated areas. We may not be able to recover the costs we incur that are caused by delays. In certain circumstances, we guarantee project completion by a scheduled acceptance date or achievement of certain acceptance and performance testing levels. Failure to meet any of our schedules or performance requirements could also result in additional costs or penalties, including liquidated damages, and such amounts could exceed expected project profit. In extreme cases, the above-mentioned factors could cause project cancellations, and we may not be able to replace such projects with similar projects or at all. Such delays or cancellations may impact our reputation or relationships with customers, adversely affecting our ability to secure new contracts.
Our operations also involve a number of operational hazards. Natural disasters, adverse weather conditions, collisions and operator error could cause personal injury or loss of life, severe damage to and destruction of property, equipment and the environment and suspension of operations. In locations where we perform work with equipment that is owned by others, our continued use of the equipment can be subject to unexpected or arbitrary interruption or termination. The occurrence of any of these events could result in work stoppage, loss of revenue, casualty loss, increased costs and significant liability to third parties.
The insurance protection we maintain may not be sufficient or effective under all circumstances or against all hazards to which we may be subject. An enforceable claim for which we are not fully insured could have a material adverse effect on our financial condition and results of operations. Moreover, we may not be able to maintain adequate insurance in the future at rates that we consider reasonable.
Unsatisfactory safety performance may subject us to penalties, can affect customer relationships, result in higher operating costs, negatively impact employee morale and result in higher employee turnover.
Workplace safety is important to us, our employees and our customers. As a result, we maintain comprehensive safety programs and training to all applicable employees throughout our organization. While we focus on protecting people and property, our work is performed at construction sites and in industrial facilities, and our workers are subject to the normal hazards associated with providing these services. Even with proper safety precautions, these hazards can lead to personal injury, loss of life, damage to or destruction of property, plant and equipment and environmental damage. We are intensely focused on maintaining a strong safety environment and reducing the risk of accidents to the lowest possible level.
Although we have taken what we believe are appropriate precautions to adequately train and equip our employees, we have experienced serious accidents, including fatalities, in the past and may experience additional accidents in the future. Serious accidents may subject us to penalties, civil litigation or criminal prosecution. Claims for damages to persons, including claims for bodily injury or loss of life, could result in costs and liabilities, which could materially and adversely affect our financial condition, results of operations or cash flows.
We may become liable for the obligations of our joint ventures and our subcontractors.
Some of our projects are performed through joint ventures with other parties. In addition to the usual liability of contractors for the completion of contracts and the warranty of our work, where work is performed through a joint venture, we also have potential liability for the work performed by the joint venture itself. In these projects, even if we satisfactorily complete our project responsibilities within budget, we may incur additional unforeseen costs due to the

failure of the joint ventures to perform or complete work in accordance with contract specifications.

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

of the entire contract, including subcontract work. Thus, when acting as a prime contractor, we are subject to the risks associated with the failure of one or more subcontractors to perform as anticipated.

We are self-insured against many potential liabilities.

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

Our operations expose us to potential environmental liabilities.

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

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

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. In June 2017, President Trump announced that the United States intends to withdraw from the Paris Agreement to reduce global greenhouse gas emissions and to seek negotiations to reenter the Paris Agreement on different terms or a separate agreement. Moreover, the EPA may or may not continue developing regulations to reduce greenhouse gas emissions from the oil and natural gas industry. Even if federal efforts in this

area slow, states may continue pursuing climate regulations. Any laws or regulations that may be adopted to restrict or reduce emissions of greenhouse gases could require us or our customers to incur additional operating costs, such as costs to purchase and operate emissions controls, to obtain emission allowances or to pay emission taxes, and reduce demand for our services.

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We are dependent upon the services of our executive management.

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

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

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

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

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

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

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

Our business is subject to cybersecurity risks.

Threats to information technology systems associated with cybersecurity risks and cyber incidents or attacks continue to grow. Cybersecurity attacks could include, but are not limited to, malicious software, attempts to gain unauthorized access to our data and the unauthorized release, corruption or loss of our data and personal information, loss of our intellectual property, other electronic security breaches that could lead to disruptions in our critical systems, and increased costs to prevent, respond to or mitigate cybersecurity events. It is possible that our business, financial and other systems could be compromised, which might not be noticed for some period of time. Although we utilize various procedures and controls to mitigate our exposure to such risk, cybersecurity attacks are evolving and unpredictable. The occurrence of such an attack could lead to financial losses and have a material adverse effect on our business, financial condition and results of operations. We are not aware that any material cybersecurity breaches have occurred to date.

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

In May 2008, after reaching agreement with the Company, the Department of Justice (“DOJ”) filed an Information and Deferred Prosecution Agreement (“DPA”) concluding its investigation into violations of the FCPA by Willbros Group, Inc. and its subsidiary, Willbros International, Inc. Also in May 2008, we reached a final settlement with the SEC to resolve its previously disclosed investigations of possible violations of the FCPA and possible violations of the Securities Act of 1933 and the Securities Exchange Act of 1934. These investigations stemmed primarily from our former operations in Bolivia, Ecuador and Nigeria. We made the final payments under these settlements in October 2011. The criminal information associated with the DPA was dismissed, with prejudice, on April 2, 2012. Currently,

we have no employees working outside of the United States and Canada.

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

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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.

RISKS RELATED TO OUR COMMON STOCK

Our common stock has 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;
- 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.

On June 1, 2017, our stockholders approved an amendment to our certificate of incorporation pursuant to which, beginning with the 2019 annual meeting of stockholders, the board of directors will cease to be classified and all directors will be elected annually for terms of one year.

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.

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

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

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Our business could be negatively affected by the actions of activist stockholders.
Responding to actions by activist stockholders can be costly and time-consuming, disrupting our operations and diverting the attention of management and our employees. Furthermore, any perceived uncertainties as to our future direction could result in the loss of potential business opportunities, and may make it more difficult to attract and retain qualified personnel and business partners.

Item 1B. Unresolved Staff Comments

None.

Item 3. Legal Proceedings

For information regarding legal proceedings, see the discussion under the caption “Contingencies” in Note 15 – Contingencies, Commitments and Other Circumstances of our Notes to Consolidated Financial Statements in Item 8 of this Form 10-K, which information from Note 15 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, our Board of Directors.

Name	Age	Position(s)
Michael J. Fournier	55	President, Chief Executive Officer, Chief Operating Officer and Director
Jeffrey B. Kappel	43	Senior Vice President and Chief Financial Officer
Johnny M. Priest	68	Executive Vice President, Utility Transmission & Distribution (President, Utility T&D)
Jeremy R. Kinch	44	Senior Vice President, Willbros Canada (President, Canada)
Linnie A. Freeman	63	Senior Vice President, General Counsel, Chief Compliance Officer and Corporate Secretary

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

Jeffrey B. Kappel has been Senior Vice President and Chief Financial Officer of the Company since August 2017. He served as the Company’s Corporate Controller, Accounting Operations from July 2016 until his appointment as Chief Financial Officer. He also served as Segment Controller – Oil & Gas from September 2014 to June 2016 and as Assistant Controller – Corporate Financial Accounting from May 2013 to May 2014. Mr. Kappel was Director – Finance for JGC America, Inc., an engineering and construction company, from May 2014 to August 2014. Prior to joining the Company in May 2013, Mr. Kappel served in several capacities for Technip USA (formerly The Shaw Group), an engineering and construction company specializing in hydrocarbon production facilities, beginning in 2006. Mr. Kappel’s positions with Technip included Group Controller – Shaw Energy & Chemicals Segment, and Controller – Subsea North American Region. From January 1997 to

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September 2006, he served in several positions with PricewaterhouseCoopers LLP. Mr. Kappel earned his Bachelor of Science degree in Accounting from Louisiana State University in 1996. He is a Certified Public Accountant.

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

Jeremy R. Kinch has served as Senior Vice President, Canada and President of our Canada segment since April 2017. Mr. Kinch first joined Willbros in May 2008 as a Project Manager. He subsequently held various management positions in operations and support functions including Director of Technical Services from September 2012 until his promotion to Vice President of Technical Services in December 2013. Mr. Kinch held this role until his promotion to Chief Operating Officer of our Canada segment in April 2014. Mr. Kinch started working in construction in 1993 and has served the oil & gas, mining and power industries and public infrastructure projects. Mr. Kinch graduated from Queen’s University with a Bachelor of Science in Geological Engineering and is a licensed professional engineer in Alberta and British Columbia.

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

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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 NYSE 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, 2017:		
First Quarter	$3.84	$2.35
Second Quarter	3.10	2.02
Third Quarter	3.35	1.96
Fourth Quarter	3.34	1.11
For the year ended December 31, 2016:		
First Quarter	$3.07	$1.11
Second Quarter	3.41	1.98
Third Quarter	2.85	1.46
Fourth Quarter	3.43	1.42

Substantially all of our stockholders maintain their shares in "street name" accounts and are not, individually, stockholders of record. As of March 26, 2018, our common stock was held by approximately 153 holders of record.

As a result of our failure to maintain certain standards for continued listing on the NYSE, on March 27, 2018, the NYSE announced that it has suspended trading of our common stock effective immediately, based on its determination that the trading price of our common stock was "abnormally low," and its decision to commence delisting proceedings. We expect the NYSE will file a Form 25 to delist our common stock and that our delisting will become effective in the near future. Our common stock is now trading over-the-counter under the symbol "WGRP".

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. The 2014 Term Credit Agreement prohibits us from paying cash dividends on our common stock.

Issuer Purchases of Equity Securities

The following table provides information about purchases of our common stock by us during the fourth quarter of 2017:

	Total Number of Shares Purchased (1)	Average Price Paid Per Share (2)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares That May Yet Be Purchased Under the Plans or Programs
October 1, 2017 – October 31, 2017	111	$ 3.21	—	—
November 1, 2017 – November 30, 2017	—	—	—	—
December 1, 2017 – December 31, 2017	16,006	1.35	—	—
Total	16,117	$ 1.36	—	—

(1) Represents shares of common stock acquired from certain of our officers and key employees under the share withholding provisions of our 2010 Stock and Incentive Compensation Plan and our 2017 Stock and Incentive Compensation Plan for the payment of taxes associated with the vesting of shares of restricted stock granted under

such plan.

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

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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,				
	2017	2016	2015	2014	2013
Statement of Operations Data:					
Contract revenue	$849,983	$731,685	$908,994	$1,594,370	$1,495,125
Contract costs	874,738	685,389	868,240	1,497,618	1,360,014
Contract income (loss)	(24,755)	46,296	40,754	96,752	135,111
Amortization of intangibles	9,667	9,754	9,874	9,885	9,907
General and administrative	54,693	60,993	77,335	108,622	122,368
Gain on sale of subsidiary	—	—	(12,826)	—	—
Other charges	2,226	6,210	18,469	6,692	—
Operating income (loss)	(91,341)	(30,661)	(52,098)	(28,447)	2,836
Interest expense	(16,017)	(13,976)	(27,254)	(30,797)	(32,394)
Interest income	31	451	51		