Willbros Group, Inc.\NEW\
Form 10-Q
August 01, 2017

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549
FORM 10-Q

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

For the quarterly period ended June 30, 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
(Jurisdiction of incorporation)	(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)
NOT APPLICABLE
(Former name, former address and former fiscal year, if changed since last report)

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 Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ý No ¨
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company or an emerging growth company. See definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer	¨	Accelerated filer	ý
Non-accelerated filer	¨ (Do not check if a smaller reporting company)	Smaller reporting company	¨
Emerging growth company	¨		

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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 number of shares of the registrant’s Common Stock, $.05 par value, outstanding as of July 27, 2017 was 63,302,085.

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WILLBROS GROUP, INC.
FORM 10-Q
FOR QUARTER ENDED JUNE 30, 2017

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PART I—FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS
WILLBROS GROUP, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share amounts)
(Unaudited)

	June 30, 2017	December 31, 2016
ASSETS		
Current assets:		
Cash and cash equivalents	$41,249	$ 41,420
Accounts receivable, net	130,109	112,037
Contract cost and recognized income not yet billed	22,421	11,938
Prepaid expenses and other current assets	19,876	18,416
Parts and supplies inventories	1,086	800
Assets held for sale	8,882	9,050
Current assets associated with discontinued operations	48	505
Total current assets	223,671	194,166
Property, plant and equipment, net	33,974	38,123
Intangible assets, net	72,014	76,848
Restricted cash	40,228	40,206
Deferred income taxes	386	315
Other long-term assets	11,835	13,378
Total assets	$382,108	$ 363,036
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	$113,792	$ 83,488
Contract billings in excess of cost and recognized income	6,039	4,938
Accrued income taxes	315	311
Other current liabilities	5,835	6,253
Liabilities held for sale	12,834	8,275
Current liabilities associated with discontinued operations	823	1,578
Total current liabilities	139,638	104,843
Long-term debt	88,179	89,189
Other long-term liabilities	34,843	32,872
Long-term liabilities associated with discontinued operations	824	995
Total liabilities	263,484	227,899
Contingencies and commitments (Note 13)		
Stockholders' equity:		
Preferred stock, par value $.01 per share, 1,000,000 shares authorized, none issued	—	—
Common stock, par value $.05 per share, 105,000,000 shares authorized and 65,509,611 shares issued at June 30, 2017 (64,679,896 at December 31, 2016)	3,267	3,226
Additional paid-in capital	750,796	749,303
Accumulated deficit	(616,890)	(598,021)
Treasury stock at cost, 2,211,026 shares at June 30, 2017 (2,025,208 at December 31, 2016)	(15,641)	(15,137)
Accumulated other comprehensive loss	(2,908)	(4,234)
Total stockholders' equity	118,624	135,137
Total liabilities and stockholders' equity	$382,108	$ 363,036

See accompanying notes to condensed consolidated financial statements.

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WILLBROS GROUP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except share and per share amounts)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Contract revenue	$227,447	$193,442	$391,347	$392,472
Contract costs	210,368	178,285	372,587	363,516
Contract income	17,079	15,157	18,760	28,956
Amortization of intangibles	2,417	2,439	4,834	4,877
General and administrative	13,869	14,520	27,224	31,654
Other charges	435	939	1,197	4,627
Operating income (loss)	358	(2,741)	(14,495)	(12,202)
Interest expense	(3,667)	(3,302)	(7,155)	(6,869)
Interest income	7	411	15	431
Debt covenant suspension and extinguishment charges	—	—	—	(63)
Other, net	(16)	58	(19)	(2)
Loss from continuing operations before income taxes	(3,318)	(5,574)	(21,654)	(18,705)
Provision (benefit) for income taxes	(2,197)	187	(2,797)	354
Loss from continuing operations	(1,121)	(5,761)	(18,857)	(19,059)
Income (loss) from discontinued operations net of provision for income taxes	19	(658)	(12)	(2,511)
Net loss	$(1,102)	$(6,419)	$(18,869)	$(21,570)
Basic loss per share attributable to Company shareholders:				
Loss from continuing operations	$(0.02)	$(0.09)	$(0.30)	$(0.31)
Income (loss) from discontinued operations	—	(0.01)	—	(0.04)
Net loss	$(0.02)	$(0.10)	$(0.30)	$(0.35)
Diluted loss per share attributable to Company shareholders:				
Loss from continuing operations	$(0.02)	$(0.09)	$(0.30)	$(0.31)
Income (loss) from discontinued operations	—	(0.01)	—	(0.04)
Net loss	$(0.02)	$(0.10)	$(0.30)	$(0.35)
Weighted average number of common shares outstanding:				
Basic	62,170,910	61,299,334	62,001,129	61,064,935
Diluted	62,170,910	61,299,334	62,001,129	61,064,935

See accompanying notes to condensed consolidated financial statements.

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WILLBROS GROUP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(In thousands)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Net loss	$(1,102)	$(6,419)	$(18,869)	$(21,570)
Other comprehensive income, net of tax				
Foreign currency translation adjustments	569	(10)	788	1,768
Changes in derivative financial instruments	271	271	538	676
Total other comprehensive income net of tax	840	261	1,326	2,444
Total comprehensive loss	$(262)	$(6,158)	$(17,543)	$(19,126)

See accompanying notes to condensed consolidated financial statements.

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WILLBROS GROUP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016
Cash flows from operating activities:		
Net loss	$(18,869)	$(21,570)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Loss from discontinued operations	12	2,511
Depreciation and amortization	9,957	11,309
Debt covenant suspension and extinguishment charges	—	63
Stock-based compensation	1,534	2,401
Amortization of debt issuance costs	945	362
Non-cash interest expense	1,042	1,133
Provision (benefit) for deferred income taxes	(60)	344
Gain on disposal of property and equipment	(1,433)	(2,934)
Provision for bad debt	118	40
Changes in operating assets and liabilities:		
Accounts receivable, net	(18,433)	5,064
Contract cost and recognized income not yet billed	(10,406)	836
Prepaid expenses and other current assets	(1,445)	(2,185)
Accounts payable and accrued liabilities	29,482	(382)
Accrued income taxes	(2)	(1,084)
Contract billings in excess of cost and recognized income	1,103	1,258
Assets held for sale	169	—
Liabilities held for sale	4,558	—
Other assets and liabilities, net	2,745	(108)
Cash provided by (used in) operating activities from continuing operations	1,017	(2,942)
Cash used in operating activities from discontinued operations	(481)	(6,622)
Cash provided by (used in) operating activities	536	(9,564)
Cash flows from investing activities:		
Proceeds from sales of property, plant and equipment	2,087	5,049
Proceeds from sale of subsidiaries	950	7,775
Purchases of property, plant and equipment	(1,326)	(1,900)
Changes in restricted cash	(22)	(6,173)
Cash provided by investing activities from continuing operations	1,689	4,751
Cash provided by (used in) investing activities from discontinued operations	—	—
Cash provided by investing activities	1,689	4,751
Cash flows from financing activities:		
Payments on capital leases	—	(436)
Payments on term loan facility	—	(3,128)
Cost of debt issuance	(2,306)	(2,306)
Payments to reacquire common stock	(504)	(351)
Cash used in financing activities from continuing operations	(2,810)	(6,221)
Cash provided by (used in) financing activities from discontinued operations	—	—
Cash used in financing activities	(2,810)	(6,221)
Effect of exchange rate changes on cash and cash equivalents	414	928

Net decrease in cash and cash equivalents	(171)	(10,106)
Cash and cash equivalents at beginning of period	41,420	58,832
Cash and cash equivalents at end of period	$41,249	$48,726
Supplemental disclosures of cash flow information:		
Cash paid for interest (including discontinued operations)	$5,121	$3,800
Cash paid for income taxes (including discontinued operations)	$228	$1,156

See accompanying notes to condensed consolidated financial statements.

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WILLBROS GROUP, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Company and Organization

Willbros Group, Inc., a Delaware corporation, and its subsidiaries (the “Company,” “Willbros” or “WGI”), is a specialty energy infrastructure contractor serving the oil and gas and power industries with offerings that primarily include construction, maintenance and facilities development services. The Company’s principal markets for continuing operations are the United States and Canada. The Company obtains its work through competitive bidding and negotiations with prospective clients. Contract values range from several thousand dollars to several hundred million dollars, and contract durations range from a few weeks to more than two years. The Company has three reportable segments: Oil & Gas, Utility T&D and Canada.

The Company's Oil & Gas segment provides construction, maintenance and lifecycle extension services to the midstream markets. These services include pipeline construction to support the transportation and storage of hydrocarbons, including gathering, lateral and main-line pipeline systems, as well as, facilities construction such as pump stations, flow stations, gas compressor stations and metering stations. In addition, the Oil & Gas segment provides integrity construction, pipeline systems maintenance and tank services to a number of different customers. The Oil & Gas segment's tank services business is classified as held for sale at June 30, 2017. See Note 5 - Assets Held for Sale for more information.

The Company's Utility T&D segment provides a wide range of services in electric and natural gas transmission and distribution, including comprehensive engineering, procurement, maintenance and construction, repair and restoration of utility infrastructure.

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

2. Basis of Presentation

Condensed Consolidated Financial Information

The accompanying Condensed Consolidated Balance Sheet as of December 31, 2016, which has been derived from audited Consolidated Financial Statements, and the unaudited Condensed Consolidated Financial Statements as of June 30, 2017 and 2016, have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”). Accordingly, certain information and note disclosures normally included in annual financial statements prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) have been condensed or omitted pursuant to those rules and regulations. However, the Company believes the presentations and disclosures herein are adequate to make the information not misleading. These unaudited Condensed Consolidated Financial Statements should be read in conjunction with the Company’s December 31, 2016 audited Consolidated Financial Statements and notes thereto contained in the Company’s Annual Report on Form 10-K for the year ended December 31, 2016.

In the opinion of management, the unaudited Condensed Consolidated Financial Statements reflect all recurring adjustments necessary to fairly state the financial position as of June 30, 2017, and the results of operations and cash flows of the Company for all interim periods presented. The results of operations and cash flows for the six months ended June 30, 2017 are not necessarily indicative of the operating results and cash flows to be achieved for the full year.

Use of Estimates and Assumptions

The Condensed Consolidated Financial Statements include certain estimates and assumptions made by management. These estimates and assumptions relate to the reported amounts of assets and liabilities at the dates of the Condensed Consolidated Financial Statements and the reported amounts of revenue and expense during those periods. Significant items subject to such estimates and assumptions include revenue recognition under the percentage-of-completion method of accounting, including estimates of progress towards completion and estimates of gross profit or loss accrual on contracts in progress; tax accruals and certain other accrued liabilities; quantification of amounts recorded for contingencies; valuation allowances for accounts receivable and deferred income tax assets; and the carrying amount of property, plant and equipment, goodwill and intangible assets. The Company bases its estimates on historical experience and other assumptions it believes to be relevant under the circumstances. Actual results could differ from those estimates.

The Company's operating income (loss) was positively impacted by $2.0 million and $1.7 million for the three and six months ended June 30, 2017, respectively, as a result of changes in contract estimates related to projects that were in progress at December 31, 2016. Included in these changes in contract estimates is a $2.0 million income recovery associated with a claim on a cross-country pipeline project in our Canada segment. The remainder of these changes in contract estimates are primarily attributed to, among other things, changes in estimated costs for certain individually immaterial projects as they progress to

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WILLBROS GROUP, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

2. Basis of Presentation (continued)

completion; the realization of change orders related to work previously performed; and other changes in events, facts and circumstances during the period in which the estimate was revised.
The Company's operating loss was positively impacted by $1.0 million and $3.8 million for the three and six months ended June 30, 2016, respectively, as a result of changes in contract estimates related to projects that were in progress at December 31, 2015. These changes in contract estimates are primarily attributed to, among other things, changes in estimated costs for certain individually immaterial projects as they progress to completion; the realization of change orders related to work previously performed; and other changes in events, facts and circumstances during the period in which the estimate was revised.
Change in Presentation
In the second quarter of 2017, the Company adopted a change in presentation on its Condensed Consolidated Statements of Operations in order to present a "Contract income" line item that is consistent with its peers. "Contract income" is defined as contract revenue less contract costs (which is inclusive of both direct and indirect costs). Previously reported information has been modified to conform to this new presentation.
3. New Accounting Standards
Recently Adopted Accounting Standards
In August 2014, the FASB issued ASU 2014-15, which requires management to perform interim and annual assessments on whether there are conditions or events that raise substantial doubt about the entity's ability to continue as a going concern within one year of the date the financial statements are issued and to provide related disclosures, if required. The amendments in ASU 2014-15 were effective for the annual period ending after December 15, 2016, and for annual and interim periods thereafter. The Company adopted ASU 2014-15 in the fourth quarter of 2016. See Note 8 - Long-term Debt for more information.
In March 2016, the FASB issued ASU 2016-09, which changes how companies account for certain aspects of share-based payment awards to employees, including the accounting for income taxes, forfeitures, and statutory tax withholding requirements, as well as classification in the statement of cash flows. The standard is effective for annual periods beginning after December 15, 2016 and interim periods within those annual periods with early adoption permitted. The Company adopted ASU 2016-09 in the first quarter with an effective date of January 1, 2017. The recognition of previously unrecognized windfall tax benefits increased the Company's deferred tax assets by $1.8 million offset by a related valuation allowance which resulted in a $0 cumulative-effect adjustment, net of tax, on the Company's Condensed Consolidated Balance Sheet as of the beginning of 2017. The amendments within ASU 2016-09 related to the recognition of excess tax benefits and tax shortfalls in the Condensed Consolidated Statement of Operations and presentation within the operating section of the Condensed Consolidated Statement of Cash Flows were adopted prospectively with no adjustments to prior periods. The Company has elected to account for forfeitures as they occur. The remaining provisions of ASU 2016-09 did not have a material effect on the Company's Condensed Consolidated Financial Statements.
Accounting Standards Not Yet Adopted
In May 2017, the FASB issued ASU 2017-09, which clarifies when a change to the terms or conditions of a share-based payment award should be accounted for as a modification. An entity should account for the effects of a modification unless the fair value, vesting conditions and classification, as an equity instrument or a liability instrument, of the modified award are the same before and after a change to the terms or conditions of the share-based payment award. The standard is effective for annual reporting periods beginning after December 15, 2017, including interim periods within those annual reporting periods. The Company does not expect the new standard to have an impact on its Condensed Consolidated Financial Statements.
In November 2016, the FASB issued ASU 2016-18, which requires a reporting entity to include restricted cash and restricted cash equivalents in its cash and cash-equivalent balances presented in the entity's statement of cash flows. A

reconciliation between the statement of financial position and the statement of cash flows must be disclosed when the balance sheet includes more than one line item for cash, cash equivalents, restricted cash and restricted cash equivalents. Transfers between non-restricted and restricted cash should not be presented as cash flow activities in the statement of cash flows. Furthermore, an entity with a material restricted cash balance must disclose information regarding the nature of the restrictions. The standard is effective for annual periods beginning after December 15, 2017, including interim periods within those annual reporting periods. The Company is currently evaluating the impact of the standard on its Condensed Consolidated Financial

3. New Accounting Standards (continued)

Statements. At June 30, 2017 and December 31, 2016, approximately $40.2 million is recorded as “Restricted cash” on the Company's Condensed Consolidated Balance Sheets. These amounts are primarily composed of eligible pledged cash in the Company's June 30, 2017 and December 31, 2016 borrowing base calculation.

In October 2016, the FASB issued ASU 2016-16, which requires a reporting entity to recognize the tax expense from the sale of an asset in the seller's tax jurisdiction when the transfer occurs, even though the pre-tax effects of that transaction are eliminated in consolidation. The new guidance does not apply to intra-entity transfers of inventory, and the income tax consequences from the sale of inventory from one member of a consolidated entity to another will continue to be deferred until the inventory is sold to a third party. The standard is effective for annual reporting periods beginning after December 15, 2017, including interim periods within those annual reporting periods. The Company is currently evaluating the impact of the standard on its Condensed Consolidated Financial Statements.

In August 2016, the FASB issued ASU 2016-15, which provides specific guidance for cash flow classifications of cash payments and receipts to reduce the diversity of treatment of such items. The standard is effective for annual periods beginning after December 15, 2017 and interim periods within those annual periods with early adoption permitted. The Company is currently evaluating the impact of the standard on its Condensed Consolidated Financial Statements.

In February 2016, the FASB issued ASU 2016-02, which requires companies that lease assets to recognize on the balance sheet the assets and liabilities for the rights and obligations created by those assets. The standard is effective for interim and annual periods beginning after December 15, 2018. Early adoption is permitted for financial statements of fiscal years or interim periods that have not been previously issued. The Company is currently evaluating the impact of the standard on its Condensed Consolidated Financial Statements. Based on initial evaluation, the Company expects to include operating leases with durations greater than twelve months on its Condensed Consolidated Balance Sheets. The Company will provide additional information about the expected financial impact as it progresses through the evaluation and implementation of the standard.

In May 2014, the FASB and the IASB issued ASU 2014-09 surrounding the recognition of revenue from contracts with customers. Under the new standard, a company will recognize revenue when it satisfies a performance obligation by transferring a promised good or service to a customer. Revenue will be recognized at an amount that reflects the consideration it expects to receive in exchange for those goods and services. The standard also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. In August 2015, the FASB deferred the effective date of the standard to December 15, 2017 with early adoption permitted. The standard can be applied on a full retrospective or modified retrospective basis whereby the entity records a cumulative effect of initially applying this update at the date of initial application. Furthermore, in March, April, and May of 2016, the FASB issued ASUs 2016-08, 2016-10, and 2016-12, respectively, which provide practical expedients and clarification in regards to ASU 2014-09. ASU 2016-08 amends and clarifies the principal versus agent considerations under the new revenue recognition standard, which requires determination of whether the nature of a promise is to provide the specified good or service to the customer (that is, the entity is a principal) or to arrange for the good or service to be provided to the customer by another party (that is, the entity is an agent); this determination affects the timing and amount of revenue recognition. ASU 2016-10 clarifies issues related to identifying performance obligations. ASU 2016-12 provides practical expedients and clarification pertaining to the exclusion of sales tax from the measurement of a transaction price, the measurement of non-cash consideration, allocation of a transaction price on the basis of all satisfied and unsatisfied performance obligations in a modified contract at transition, and the definition of a completed contract. The effective date of ASUs 2016-08, 2016-10, and 2016-12 is December 15, 2017 with early adoption permitted. The Company will adopt these standards using a modified retrospective approach with the cumulative effect recognized in retained earnings at the date of initial application. As part of its ongoing evaluation of the impact of these standards, the Company is holding regular meetings with key stakeholders from across the organization to discuss the impact of the standards on its existing contracts. The Company is utilizing a bottoms-up approach to analyze the impact of the standards on its portfolio of contracts by reviewing its current accounting policies and practices to identify potential differences that would result from applying the requirements of the new standards to its existing revenue contracts. The Company expects to complete its evaluation and adopt these standards effective January 1, 2018.

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(Unaudited)

4. Contracts in Progress
Contract cost and recognized income not yet billed on uncompleted contracts arise when recorded revenues for a contract exceed the amounts billed under the terms of the contracts. Contract billings in excess of cost and recognized income arise when billed amounts exceed revenues recorded. Amounts are billable to customers upon various measures of performance, including achievement of certain milestones, completion of specified units or completion of the contract.
Contract cost and recognized income not yet billed and related amounts billed as of June 30, 2017 and December 31, 2016 was as follows (in thousands):

	June 30, 2017	December 31, 2016
Cost incurred on contracts in progress	$264,816	$ 234,544
Recognized income	25,799	28,702
	290,615	263,246
Progress billings and advance payments	(274,233)	(256,246)
	$16,382	$ 7,000
Contract cost and recognized income not yet billed	$22,421	$ 11,938
Contract billings in excess of cost and recognized income	(6,039)	(4,938)
	$16,382	$ 7,000

Contract cost and recognized income not yet billed includes $4.5 million and $0.5 million at June 30, 2017 and December 31, 2016, respectively, on completed contracts.
The balances billed but not paid by customers pursuant to retainage provisions in certain contracts are generally due upon completion of the contracts and acceptance by the customer. Based on the Company’s experience with similar contracts in recent years, the majority of the retainage balances at each balance sheet date are expected to be collected within the next 12 months. Current retainage balances at June 30, 2017 and December 31, 2016, were approximately $10.8 million and $12.2 million, respectively, and are included in “Accounts receivable, net” in the Condensed Consolidated Balance Sheets. There were no retainage balances with settlement dates beyond the next 12 months at June 30, 2017 and December 31, 2016.
5. Assets Held for Sale
Components of assets held for sale as of June 30, 2017 and December 31, 2016 were as follows (in thousands):

	June 30, 2017	December 31, 2016
Accounts receivable, net	$6,242	$ 7,806
Contract cost and recognized income not yet billed	1,566	136
Prepaid expenses and other assets	33	61
Parts and supplies inventories	461	468
Property, plant and equipment, net	320	318
Intangible assets, net	260	260
Other long-term assets	—	1
Total assets held for sale	$8,882	$ 9,050
Accounts payable and accrued liabilities	$7,054	$ 3,789
Contract billings in excess of cost and recognized income	5,780	4,480
Other current liabilities	—	3
Other long-term liabilities	—	3
Total liabilities held for sale	$12,834	$ 8,275

The above balances are primarily comprised of the Company's tank services business, which is included in the Company's Oil & Gas segment. The tank services business is currently being actively marketed to outside parties, is expected to sell within the year and is measured at the lower of its carrying value or fair value less costs to sell.

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WILLBROS GROUP, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

6. Intangible Assets

The Company's intangible assets with finite lives include customer relationships and trade names and are predominantly within the Utility T&D segment. The changes in the carrying amounts of intangible assets for the six months ended June 30, 2017 are detailed below (in thousands):

	Customer Relationships	Trademark / Tradename	Total
Balance as of December 31, 2016	$ 73,100	$ 3,748	$76,848
Amortization	(4,299)	(535)	(4,834)
Balance as of June 30, 2017	$ 68,801	$ 3,213	$72,014
Weighted average remaining amortization period	8.0 years	3.0 years	

Intangible assets are amortized on a straight-line basis over their estimated useful lives, which range from 5 to 15 years.

Estimated amortization expense for the remainder of 2017 and each of the subsequent five years and thereafter is as follows (in thousands):

Fiscal year:	
Remainder of 2017	$4,834
2018	9,667
2019	9,667
2020	9,135
2021	8,597
2022	8,597
Thereafter	21,517
Total amortization	$72,014

7. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities as of June 30, 2017 and December 31, 2016 were as follows (in thousands):

	June 30, 2017	December 31, 2016
Trade accounts payable	$60,565	$ 34,770
Payroll and payroll liabilities	13,974	10,377
Accrued contract costs	20,159	15,840
Self-insurance accrual	6,752	11,210
Other accrued liabilities	12,342	11,291
Total accounts payable and accrued liabilities	$113,792	$ 83,488

WILLBROS GROUP, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

8. Long-term Debt
Long-term debt as of June 30, 2017 and December 31, 2016 was as follows (in thousands):

	June 30, 2017	December 31, 2016
Principal amount, 2014 Term Loan Facility	$92,224	$ 92,224
Repayment fee, 2014 Term Loan Facility	4,611	4,611
Unamortized discount, 2014 Term Loan Facility	(3,088)	(3,592)
Unamortized debt issuance costs, 2014 Term Loan Facility	(5,568)	(4,054)
Revolver borrowings	—	—
Total debt, net of unamortized discount and debt issuance costs	88,179	89,189
Less: current portion	—	—
Long-term debt, net	$88,179	$ 89,189

2014 Term Loan Facility
On December 15, 2014, the Company entered into a credit agreement (the “2014 Term Credit Agreement”) among the Company, certain of its subsidiaries, as guarantors, the lenders from time to time party thereto, JPMorgan Chase Bank, N.A., as administrative agent, and KKR Credit Advisors (US) LLC, as sole lead arranger and sole bookrunner. Cortland Capital Market Services LLC currently serves as administrative agent under the 2014 Term Credit Agreement.
The 2014 Term Credit Agreement provides for a five-year $270.0 million term loan facility (the “2014 Term Loan Facility”), which the Company drew in full on the effective date of the 2014 Term Credit Agreement. The Company is the borrower under the 2014 Term Credit Agreement, with all of its obligations guaranteed by its material U.S. subsidiaries, other than excluded subsidiaries. Obligations under the 2014 Term Loan Facility are secured by a first priority security interest in, among other things, the borrower’s and the guarantors’ equipment, subsidiary capital stock and intellectual property (the “2014 Term Loan Priority Collateral”) and a second priority security interest in, among other things, the borrower’s and the guarantors’ inventory, accounts receivable, deposit accounts and similar assets.
The term loans bear interest at the “Adjusted Base Rate” plus an applicable margin of 8.75 percent, or the “Eurodollar Rate” plus an applicable margin of 9.75 percent. The interest rate in effect at June 30, 2017 and December 31, 2016 was 11 percent, comprised of an applicable margin of 9.75 percent for Eurodollar Rate loans plus a LIBOR floor of 1.25 percent.
Unamortized debt issuance costs, primarily related to amendment fees associated with the 2014 Term Loan Facility, were $5.6 million and $4.1 million at June 30, 2017 and December 31, 2016, respectively. These costs are being amortized through the maturity date of the 2014 Term Loan Facility using the effective interest method.
The Company made no early payments during the six months ended June 30, 2017 and $3.1 million of early payments during the six months ended June 30, 2016 against its 2014 Term Loan Facility. As a result of these early payments, the Company recorded no debt extinguishment charges during the six months ended June 30, 2017 and $0.1 million of debt extinguishment charges, which consisted of the write-off of debt issuance costs, during the six months ended June 30, 2016.
The Company is also required to pay a repayment fee on the maturity date of the 2014 Term Loan Facility equal to 5.0 percent of the aggregate principal amount outstanding on the maturity date. The repayment fee was contingent upon the sale of the Company's Professional Services segment, which was completed on November 30, 2015. As a result, the Company is amortizing the repayment fee as a discount, from that date through the maturity date of the 2014 Term Loan Facility, using the effective interest method. The unamortized amount of the repayment fee is $3.1 million and $3.6 million at June 30, 2017 and December 31, 2016, respectively.
Since December 31, 2014, the Company has significantly reduced the balance under the 2014 Term Loan Facility. Under the provisions of the 2014 Term Credit Agreement, with respect to prepayments made from inception of the Term Loan through June 30, 2017, the Company has not been required to pay prepayment premiums in respect of the

“makewhole amount.” However, future prepayments or refinancing of the balance of the 2014 Term Loan Facility will, in most cases, require the Company to pay a prepayment premium equal to the makewhole amount. The makewhole amount is calculated as the present value of all interest payments that would have been made on the amount prepaid from the date of the prepayment to December 15, 2019 (or June 15, 2019 if the prepayment is made on or after June 15, 2018) at a rate per annum equal to the sum of 9.75 percent plus the greater of 1.25 percent and the Eurodollar rate in effect on the date of the repayment.

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8. Long-term Debt (continued)

2013 ABL Credit Facility
On August 7, 2013, the Company entered into a five-year asset based senior revolving credit facility maturing on August 7, 2018 with Bank of America, N.A. serving as sole administrative agent for the lenders thereunder, collateral agent, issuing bank and swingline lender (as amended, the “2013 ABL Credit Facility”).
The aggregate amount of commitments for the 2013 ABL Credit Facility is $100.0 million, which was previously comprised of $80.0 million for the U.S. facility (the “U.S. Facility”) and $20.0 million for the Canadian facility (the “Canadian Facility”). Effective June 16, 2017, pursuant to the Fifth Amendment to the 2013 ABL Credit Facility, the aggregate amount of commitments for the 2013 ABL Credit Facility is now comprised of $90.0 million for the U.S. Facility and $10.0 million for the Canadian Facility.
The 2013 ABL Credit Facility includes a sublimit of $80.0 million for letters of credit. The borrowers under the U.S. Facility consist of all of the Company’s U.S. operating subsidiaries with assets included in the borrowing base, and the U.S. Facility is guaranteed by Willbros Group, Inc. and its material U.S. subsidiaries, other than excluded subsidiaries. The borrower under the Canadian Facility is Willbros Construction Services (Canada) LP, and the Canadian Facility is guaranteed by Willbros Group, Inc. and all of its material U.S. and Canadian subsidiaries, other than excluded subsidiaries.
Advances under the U.S. and Canadian Facilities are limited to a borrowing base consisting of the sum of the following, less applicable reserves:

- 85 percent of the value of “eligible accounts” (as defined in the Company's 2013 ABL Credit Facility);
- the lesser of (i) 75 percent of the value of “eligible unbilled accounts” (as defined in the Company's 2013 ABL Credit Facility) and (ii) $33.0 million minus the amount of eligible unbilled accounts then included in the borrowing base; and
- “eligible pledged cash”.

The Company is also required, as part of its borrowing base calculation, to include a minimum of $25.0 million of the net proceeds of the sale of Bemis, LLC and the balance of the Professional Services segment as eligible pledged cash. The Company has included $40.0 million as eligible pledged cash in its June 30, 2017 borrowing base calculation, which is included in “Restricted cash” on its Condensed Consolidated Balance Sheets.
The aggregate amount of the borrowing base attributable to eligible accounts and eligible unbilled accounts constituting certain progress or milestone billings, retainage and other performance-based benchmarks may not exceed $23.0 million.
Advances in U.S. dollars bear interest at a rate equal to LIBOR or the U.S. or Canadian base rate plus an additional margin. Advances in Canadian dollars bear interest at the Bankers Acceptance (“BA”) Equivalent Rate or the Canadian prime rate plus an additional margin.
The interest rate margins will be adjusted each quarter based on the Company’s fixed charge coverage ratio as of the end of the previous quarter as follows:

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

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

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

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8. Long-term Debt (continued)

Debt Covenants and Events of Default
A default under the 2014 Term Loan Facility and the 2013 ABL Credit Facility may be triggered by events such as a failure to comply with financial covenants or other covenants under the 2014 Term Loan Facility and the 2013 ABL Credit Facility, a failure to make payments when due under the 2014 Term Loan Facility and the 2013 ABL Credit Facility, a failure to make payments when due in respect of, or a failure to perform obligations relating to, debt obligations in excess of $15.0 million, a change of control of the Company and certain insolvency proceedings. A default under the 2013 ABL Credit Facility would permit the lenders to terminate their commitment to make cash advances or issue letters of credit, require the immediate repayment of any outstanding cash advances with interest and require the cash collateralization of outstanding letter of credit obligations. A default under the 2014 Term Loan Facility would permit the lenders to require immediate repayment of all principal, interest, fees and other amounts payable thereunder.
On March 31, 2015 (the “First Amendment Closing Date”), March 1, 2016, July 26, 2016 and March 3, 2017, the Company amended the 2014 Term Credit Agreement pursuant to a First Amendment (the “First Amendment”), a Third Amendment (the “Third Amendment”), a Fourth Amendment (the “Fourth Amendment”) and a Fifth Amendment (the “Fifth Amendment”). These amendments, among other things, suspend the calculation of the Maximum Total Leverage Ratio and Minimum Interest Coverage Ratio for the period from December 31, 2014 through June 30, 2017 (the “Covenant Suspension Periods”) so that any failure by the Company to comply with the Maximum Total Leverage Ratio or Minimum Interest Coverage Ratio during the Covenant Suspension Periods shall not be deemed to result in a default or event of default.
In consideration of the initial suspension of the calculation of the Maximum Total Leverage Ratio and Minimum Interest Coverage Ratio under the First Amendment, the Company issued 10.1 million shares, which was equivalent to 19.9 percent of the outstanding shares of common stock immediately prior to the First Amendment Closing Date, to KKR Lending Partners II L.P. and other entities indirectly advised by KKR Credit Advisers (US) LLC, which made them a related party. In connection with this transaction, the Company recorded debt covenant suspension charges of approximately $33.5 million which represented the fair value of the 10.1 million outstanding shares of common stock issued, multiplied by the closing stock price on the First Amendment Closing Date. In addition, the Company recorded debt extinguishment charges of approximately $0.8 million related to the write-off of debt issuance costs associated with the Company's 2014 Term Credit Agreement.
In consideration for the Third Amendment and Fourth Amendment, the Company paid a total of $4.6 million in amendment fees in 2016. The amendment fees are recorded as direct deductions from the carrying amount of the 2014 Term Loan Facility and are being amortized through the maturity date of the 2014 Term Loan Facility using the effective interest method.
Due to operating losses in 2016 driven, in part, by an overall lower volume of work and significant losses on a cross-country pipeline project in Canada, combined with its current forecast, the Company did not expect to be in compliance with the Maximum Total Leverage Ratio and Minimum Interest Coverage Ratio for the period from March 31, 2017 through December 31, 2017. As such, the Company obtained covenant relief pursuant to the Fifth Amendment.
The Fifth Amendment suspends compliance with the Maximum Total Leverage Ratio and the Minimum Interest Coverage Ratio covenants through June 30, 2017. In addition, under the Fifth Amendment, the Maximum Total Leverage Ratio will be 5.50 to 1.00 as of September 30, 2017 and will decrease to 4.50 to 1.00 as of December 31, 2017 and 3.00 to 1.00 as of June 30, 2018, and thereafter. The Minimum Interest Coverage Ratio will be 1.60 to 1.00 as of September 30, 2017 and will increase to 2.00 to 1.00 as of December 31, 2017 and 2.75 to 1.00 as of June 30, 2018, and thereafter. The Fifth Amendment also provides that, for the four-quarter period ending September 30, 2017, Consolidated EBITDA shall be equal to the sum of Consolidated EBITDA for the quarterly periods ending June 30,

2017 and September 30, 2017 multiplied by two, and, for the four-quarter period ending December 31, 2017, Consolidated EBITDA shall be equal to the annualized sum of Consolidated EBITDA for the quarterly periods ending June 30, 2017, September 30, 2017 and December 31, 2017. The Fifth Amendment also permits the Company to retain the net proceeds of the sale of its tank services business for working capital purposes. In consideration for the Fifth Amendment, the Company paid an amendment fee of $2.3 million in the first quarter of 2017. The amendment fee is recorded as a direct deduction from the carrying amount of the 2014 Term Loan Facility and is being amortized through the maturity date of the 2014 Term Loan Facility using the effective interest method.

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

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8. Long-term Debt (continued)

As of June 30, 2017, the Company did not have any outstanding revolver borrowings, and its unused availability was $24.3 million, net of outstanding letters of credit of $61.6 million. If the Company's unused availability under the 2013 ABL Credit Facility is less than the greater of (i) 15.0 percent of the revolving commitments or $15.0 million for five consecutive days, or (ii) 12.5 percent of the revolving commitments or $12.5 million at any time, or upon the occurrence of certain events of default under the 2013 ABL Credit Facility, the Company is subject to increased reporting requirements, the administrative agent shall have exclusive control over any deposit account, the Company will not have any right of access to, or withdrawal from, any deposit account, or any right to direct the disposition of funds in any deposit account, and amounts in any deposit account will be applied to reduce the outstanding amounts under the 2013 ABL Credit Facility. In addition, if the Company's unused availability under the 2013 ABL Credit Facility is less than the amounts described above, the Company would be required to comply with a Minimum Fixed Charge Coverage Ratio of 1.15 to 1.00. Based on its current forecasts, the Company does not expect its unused availability under the 2013 ABL Credit Facility to be less than the amounts described above and therefore does not expect the Minimum Fixed Charge Coverage Ratio to be applicable over the next twelve months. If the Minimum Fixed Charge Coverage Ratio were to become applicable, the Company would not expect to be in compliance over the next twelve months and would therefore be in default under its credit agreements.

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

- the preparation of financial statements in accordance with GAAP;
- the identification of any events or circumstances, either individually or in the aggregate, that has had or could reasonably be expected to have a material adverse effect on the business, results of operations, properties or financial condition of the Company;
- limitations on liens and indebtedness;
- limitations on dividends and other payments in respect of capital stock;
- limitations on capital expenditures; and
- limitations on modifications of the documentation of the 2013 ABL Credit Facility.

Fair Value of Debt

The estimated fair value of the Company's debt instruments as of June 30, 2017 and December 31, 2016 was as follows (in thousands):

	June 30, 2017	December 31, 2016
2014 Term Loan Facility	$98,731	$ 95,577
Revolver borrowings	—	—
Total fair value of debt instruments	$98,731	$ 95,577

The 2014 Term Loan Facility and revolver borrowings under the 2013 ABL Credit Facility are classified within Level 2 of the fair value hierarchy. The fair value of the 2014 Term Loan Facility has been estimated using discounted cash flow analyses based on the Company's incremental borrowing rate for similar borrowing arrangements.

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9. Income Taxes

The Company's interim tax provision (benefit) has been estimated using the discrete method, which is based on statutory tax rates applied to pre-tax income as adjusted for permanent differences such as transfer pricing differences between generally accepted accounting principles and local country tax. The Company believes this method yields a more reliable income tax calculation for interim periods.

The effective tax rate on continuing operations was 12.9 percent for the six months ended June 30, 2017 and a negative 1.9 percent for the six months ended June 30, 2016. The tax benefit for discrete items for the six months ended June 30, 2017 was $0.8 million. This amount was composed primarily of a refund on the Company's 2010 and 2011 Texas Margins Tax audit and a refundable alternative minimum tax credit carry-forward. The tax benefit for discrete items was partially offset by a settlement of a transfer pricing audit in Canada. There was no tax benefit or expense for discrete items for the six months ended June 30, 2016.

The tax benefit for the six months ended June 30, 2017 was $2.8 million, which was composed primarily of a benefit on a loss in the Company's Canada segment, a refund on the Company's 2010 and 2011 Texas Margins Tax audit and a refundable alternative minimum tax credit carry-forward. The tax benefit was partially offset by a settlement of a transfer pricing audit in Canada. The tax provision for the six months ended June 30, 2016 was $0.4 million, primarily related to a provision on income in the Company's Canada segment and Texas Margins Tax.

The effective tax rate on continuing operations was 66.2 percent for the three months ended June 30, 2017 and a negative 3.4 percent for the three months ended June 30, 2016. The tax benefit for the three months ended June 30, 2017 was $2.2 million which relates to a benefit on a loss in the Company's Canada segment and a refund on the Company's 2010 and 2011 Texas Margins Tax audit. The benefit is partially offset by a settlement of a transfer pricing audit in Canada.

The Company has reserved for the benefit of current year losses in the United States. As of June 30, 2017, U.S. federal and state deferred tax assets continue to be covered by valuation allowances. In evaluating whether deferred tax assets are more likely than not to be realized, the Company considers the impact of reversing taxable temporary differences, future forecasted income and available tax planning strategies.

It is reasonably possible the unrecognized tax benefits may change between $0.0 million and $3.1 million within the next twelve months as a result of settling tax examinations related to 2008-2011.

10. Stockholders' Equity

Changes in Accumulated Other Comprehensive Income (Loss) by Component

	Three Months Ended June 30, 2017 (in thousands)		
	Foreign currency translation adjustments	Changes in derivative financial instruments	Total accumulated comprehensive income (loss)
Balance as of March 31, 2017	$(1,193)	$ (2,555)	$ (3,748)
Other comprehensive income before reclassifications	569	—	569
Amounts reclassified from accumulated other comprehensive income (loss)	—	271	271
Net current-period other comprehensive income	569	271	840
Balance as of June 30, 2017	$(624)	$ (2,284)	$ (2,908)

	Six Months Ended June 30, 2017 (in thousands)		
	Foreign currency translation adjustments	Changes in derivative financial	Total accumulated comprehensive

		instruments	income (loss)
Balance as of December 31, 2016	$(1,412)	$ (2,822)	$ (4,234)
Other comprehensive income before reclassifications	788	—	788
Amounts reclassified from accumulated other comprehensive income (loss)	—	538	538
Net current-period other comprehensive income	788	538	1,326
Balance as of June 30, 2017	$(624)	$ (2,284)	$ (2,908)

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10. Stockholders' Equity (continued)

	Three Months Ended June 30, 2016 (in thousands)		
	Foreign currency translation adjustments	Changes in derivative financial instruments	Total accumulated comprehensive income (loss)
Balance as of March 31, 2016	$(187)	$ (3,639)	$ (3,826)
Other comprehensive loss before reclassifications	(10)	—	(10)
Amounts reclassified from accumulated other comprehensive income (loss)	—	271	271
Net current-period other comprehensive income (loss)	(10)	271	261
Balance as of June 30, 2016	$(197)	$ (3,368)	$ (3,565)

	Six Months Ended June 30, 2016 (in thousands)		
	Foreign currency translation adjustments	Changes in derivative financial instruments	Total accumulated comprehensive income (loss)
Balance as of December 31, 2015	$(1,965)	$ (4,044)	$ (6,009)
Other comprehensive income before reclassifications	1,768	—	1,768
Amounts reclassified from accumulated other comprehensive income (loss)	—	676	676
Net current-period other comprehensive income	1,768	676	2,444
Balance as of June 30, 2016	$(197)	$ (3,368)	$ (3,565)

Reclassifications From Accumulated Other Comprehensive Income (Loss)
Three Months Ended June 30, 2017 (in thousands)

Details about Accumulated Other Comprehensive Income Components	Amount Reclassified from Accumulated Other Comprehensive Income (Loss)	Details about Accumulated Other Comprehensive Income Components
Interest rate contracts	$ 271	Interest expense
Total	$ 271	

Six Months Ended June 30, 2017 (in thousands)

Details about Accumulated Other Comprehensive Income Components	Amount Reclassified from Accumulated Other Comprehensive Income (Loss)	Details about Accumulated Other Comprehensive Income Components
Interest rate contracts	$ 538	Interest expense
Total	$ 538	

Three Months Ended June 30, 2016 (in thousands)

Details about Accumulated Other Comprehensive Income Components	Amount Reclassified from Accumulated Other Comprehensive Income (Loss)	Details about Accumulated Other Comprehensive Income Components
Interest rate contracts	$ 271	Interest expense
Total	$ 271	

Six Months Ended June 30, 2016 (in thousands)

Details about Accumulated Other Comprehensive Income Components	Amount Reclassified from Accumulated Other Comprehensive Income (Loss)	Details about Accumulated Other Comprehensive Income Components
Interest rate contracts	$ 676	Interest expense
Total	$ 676	

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11. Income (Loss) Per Share
Basic income (loss) per share is computed by dividing net income (loss) by the weighted average number of common shares outstanding for the period. Diluted income (loss) per share is based on the weighted average number of shares outstanding during each period and the assumed exercise of potentially dilutive stock options and vesting of restricted stock units less the number of treasury shares assumed to be purchased from the proceeds using the average market price of the Company’s stock for each of the periods presented.
Basic and diluted income (loss) per common share from continuing operations is computed as follows (in thousands, except share and per share amounts):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Net loss from continuing operations applicable to common shares (numerator for basic and diluted calculation)	$(1,121)	$(5,761)	$(18,857)	$(19,059)
Weighted average number of common shares outstanding for basic loss per share	62,170,910	61,299,334	62,001,129	61,064,935
Weighted average number of potentially dilutive common shares outstanding	—	—	—	—
Weighted average number of common shares outstanding for diluted loss per share	62,170,910	61,299,334	62,001,129	61,064,935
Loss per common share from continuing operations:				
Basic	$(0.02)	$(0.09)	$(0.30)	$(0.31)
Diluted	$(0.02)	$(0.09)	$(0.30)	$(0.31)

The Company has excluded shares potentially issuable under the terms of use of the securities listed below from the computation of diluted income per share, as the effect would be anti-dilutive:

	Three Months Ended June 30,	
	2017	2016
Stock options	—	50,000
Restricted stock and restricted stock units	199,000	455,054
	199,000	505,054

12. Segment Information
The Company has three reportable segments: Oil & Gas, Utility T&D and Canada. These segments are comprised of strategic businesses that are defined by the industries or geographic regions they serve. Each segment is managed as an operation with well-established strategic directions and performance requirements. Each segment is led by a separate segment President who reports directly to the Company's Chief Operating Decision Maker (“CODM”). For additional information regarding the Company's reportable segments, see Note 1 - Company and Organization for more information.
The CODM evaluates segment performance using operating income which is defined as contract revenue less contract costs and segment overhead, such as amortization related to intangible assets and general and administrative expenses that are directly attributable to the segment. In 2016, the Company implemented a change to its organizational structure such that corporate overhead costs, such as executive management, public company, accounting, tax and professional services, human resources and treasury, are no longer allocated to each segment. These costs are classified as “Corporate” in the tables below. Previously reported segment information has been modified to conform to this new presentation.

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12. Segment Information (continued)

The following tables reflect the Company's operations by reportable segment for the three and six months ended June 30, 2017 and 2016 (in thousands):

	Three Months Ended June 30, 2017					
	Oil & Gas	Utility T&D	Canada	Corporate	Eliminations	Consolidated
Contract revenue	$49,032	$ 151,683	$26,732	$—	$ —	$ 227,447
Contract costs	49,640	134,532	26,196	—	—	210,368
Contract income (loss)	(608)	17,151	536	—	—	17,079
Amortization of intangibles	27	2,390	—	—	—	2,417
General and administrative	2,724	3,777	2,002	5,366	—	13,869
Other charges	75	—	248	112	—	435
Operating income (loss)	$(3,434)	$ 10,984	$(1,714)	$(5,478)	$ —	358
Non-operating expenses						(3,676)
Benefit for income taxes						(2,197)
Loss from continuing operations						(1,121)
Income from discontinued operations net of provision for income taxes						19
Net loss						$ (1,102)

	Three Months Ended June 30, 2016					
	Oil & Gas	Utility T&D	Canada	Corporate	Eliminations	Consolidated
Contract revenue	$54,739	$ 109,355	$29,496	$—	$ (148)	$ 193,442
Contract costs	52,987	98,776	26,670	—	(148)	178,285
Contract income	1,752	10,579	2,826	—	—	15,157
Amortization of intangibles	50	2,389	—	—	—	2,439
General and administrative	2,299	3,857	1,535	6,829	—	14,520
Other charges	292	12	660	(25)	—	939
Operating income (loss)	$(889)	$ 4,321	$631	$(6,804)	$ —	(2,741)
Non-operating expenses						(2,833)
Provision for income taxes						187
Loss from continuing operations						(5,761)
Loss from discontinued operations net of provision for income taxes						(658)
Net loss						$ (6,419)

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12. Segment Information (continued)

	Six Months Ended June 30, 2017					
	Oil & Gas	Utility T&D	Canada	Corporate	Eliminations	Consolidated
Contract revenue	$71,464	$ 267,191	$52,692	$—	$ —	$ 391,347
Contract costs	77,183	242,422	52,982	—	—	372,587
Contract income (loss)	(5,719)	24,769	(290)	—	—	18,760
Amortization of intangibles	54	4,780	—	—	—	4,834
General and administrative	4,910	8,221	4,057	10,036	—	27,224
Other charges	87	—	707	403	—	1,197
Operating income (loss)	$(10,770)	$ 11,768	$(5,054)	$(10,439)	$ —	(14,495)
Non-operating expenses						(7,159)
Benefit for income taxes						(2,797)
Loss from continuing operations						(18,857)
Loss from discontinued operations net of provision for income taxes						(12)
Net loss						$ (18,869)

	Six Months Ended June 30, 2016					
	Oil & Gas	Utility T&D	Canada	Corporate	Eliminations	Consolidated
Contract revenue	$114,074	$ 206,644	$71,988	$—	$ (234)	$ 392,472
Contract costs	112,830	185,564	65,356	—	(234)	363,516
Contract income	1,244	21,080	6,632	—	—	28,956
Amortization of intangibles	98	4,779	—	—	—	4,877
General and administrative	6,452	7,069	4,517	13,616	—	31,654
Other charges	1,330	12	660	2,625	—	4,627
Operating income (loss)	$(6,636)	$ 9,220	$1,455	$(16,241)	$ —	(12,202)
Non-operating expenses						(6,503)
Provision for income taxes						354
Loss from continuing operations						(19,059)
Loss from discontinued operations net of provision for income taxes						(2,511)
Net loss						$ (21,570)

Total assets by segment at June 30, 2017 and December 31, 2016 are presented below (in thousands):

	June 30, 2017	December 31, 2016
Oil & Gas	$43,514	$ 42,887
Utility T&D	228,802	201,339
Canada	43,894	47,704
Corporate	65,850	70,601
Total assets, continuing operations	$382,060	$ 362,531

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13. Contingencies, Commitments and Other Circumstances
Contingencies
Litigation and Regulatory Matters Related to the Company’s October 21, 2014 Press Release Announcing the Restatement of Condensed Consolidated Financial Statements for the Quarterly Period Ended June 30, 2014
After the Company announced it would be restating its Condensed Consolidated Financial Statements for the quarterly period ended June 30, 2014, a complaint was filed in the United States District Court for the Southern District of Texas (“USDC”) on October 28, 2014 seeking class action status on behalf of purchasers of the Company’s stock and alleging damages on their behalf arising from the matters that led to the restatement. The original defendants in the case were the Company, its former chief executive officer, Robert R. Harl, and its current chief financial officer. On January 30, 2015, the court named two employee retirement systems as Lead Plaintiffs. Lead Plaintiffs filed their consolidated complaint, captioned In re Willbros Group, Inc. Securities Litigation, on March 31, 2015, adding as a defendant John T. McNabb, II, the former chief executive officer who had succeeded Mr. Harl, and claims regarding the restatement of the Company's Condensed Consolidated Financial Statements for the quarterly period ended March 31, 2014. On June 15, 2015, Lead Plaintiffs filed a second amended consolidated complaint, seeking unspecified damages and asserting violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, as amended (the “Act”), based on alleged misrepresentations and omissions in the SEC filings and other public disclosures in 2014, primarily regarding internal controls, the performance of the Oil & Gas segment, compliance with debt covenants and liquidity, certain financial results and the circumstances surrounding Mr. Harl's departure. On July 27, 2015, the Company filed a motion to dismiss the case. At a hearing on May 24, 2016, the court granted the motion to dismiss in part and denied it in part. On July 22, 2016, the Company filed an answer to the suit denying the remaining allegations in the case, which complain of alleged misrepresentations and omissions in violation of the Act regarding internal controls, the performance of the Oil & Gas segment and Mr. Harl's departure. On June 28, 2017, Lead Plaintiffs filed a motion asking the Court to reconsider its order in 2016 dismissing certain claims and allow Lead Plaintiffs to replead two of the claims the Court has dismissed; the Company opposes the motion. The Company continues to vigorously defend against the Lead Plaintiffs' allegations, which the Company believes are without merit. The Company is not able at this time to determine the likelihood of loss, if any, arising from this matter.
In addition, two shareholder derivative lawsuits were filed purportedly on behalf of the Company in connection with the restatement. The first, Markovich v. Harl et al, was filed on November 6, 2014 in the District Court of Harris County, Texas. The second, Kumararatne v. McNabb et al, was filed on March 4, 2015 in the USDC, but was voluntarily dismissed by the plaintiff on April 23, 2015. The Markovich lawsuit named certain current and former officers and members of the Company's board of directors as defendants and the Company as a nominal defendant. The lawsuit alleged that the officer and board member defendants breached their fiduciary duties by permitting the Company’s internal controls to be inadequate, failing to prevent the restatements, and wasting corporate assets, and that the defendants were unjustly enriched. The defendants sought dismissal of the lawsuit on the grounds that the plaintiff failed to make demand upon the Company’s board to bring the lawsuit, and, on February 23, 2016, the court sustained the defendants’ motion and dismissed the lawsuit with prejudice. On March 10, 2016, the plaintiff filed a motion for reconsideration and asked the court for leave to amend its lawsuit. The court granted the plaintiff’s motion in part, allowing an amended petition, which was filed on April 18, 2016. The Plaintiff’s Second Amended Petition added Ravi Kumararatne as a plaintiff and added claims for breach of fiduciary duty against the former officers and officer and board of director defendants related to the departure of former Company executives, financial controls, and compliance with the Company’s debt covenants. The Company sought dismissal of the amended petition on the grounds the plaintiffs failed to make a demand upon the Company’s board to bring the lawsuit. In response, plaintiffs filed a Third Amended Petition on June 24, 2016, purporting to add additional facts to support their allegations, including their allegation that they were excused from making a demand upon the board because, they claimed, such demand would be futile. Believing the claims added by plaintiffs were without merit, the Company sought to dismiss this latest pleading. After hearing argument on the motion, the court issued an order on October 24, 2016, sustaining

the Company's objections to plaintiffs' latest pleading and again dismissed the lawsuit with prejudice. Plaintiffs' motion for reconsideration was denied on December 21, 2016. Plaintiffs filed a Notice of Appeal on January 20, 2017. The appeal is assigned to the 14th Court of Appeals, Houston, Texas.
Other
The SEC issued an order of investigation on January 29, 2015 and a subpoena on February 3, 2015, requesting information regarding the restatement of the Company's previously issued Condensed Consolidated Financial Statements for the quarterly periods ended March 31, 2014 and June 30, 2014. The Company provided its full cooperation to the SEC, who on

13. Contingencies, Commitments and Other Circumstances (continued)

January 25, 2016, sent the Company a letter stating it had concluded its investigation and, based on the information it had, did not intend to recommend an enforcement action against the Company.

In addition to the matters discussed above, the Company is party to a number of other legal proceedings. Management believes that the nature and number of these proceedings are typical for a firm of similar size engaged in a similar type of business and that none of these proceedings is material to the Company’s consolidated results of operations, financial position or cash flows.

Commitments

From time to time, the Company enters into commercial commitments, usually in the form of commercial and standby letters of credit, surety bonds and financial guarantees. Contracts with the Company’s customers may require the Company to secure letters of credit or surety bonds to secure the Company’s performance of contracted services. In such cases, the letters of credit or bond commitments can be called upon in the event of the Company's failure to perform contracted services. Likewise, contracts may allow the Company to issue letters of credit or surety bonds in lieu of contract retention provisions, where the client otherwise withholds a percentage of the contract value until project completion or expiration of a warranty period. Retention letters of credit or bond commitments can be called upon in the event of warranty or project completion issues, as prescribed in the contracts. The Company also issues letters of credit from time to time to secure deductible obligations under its workers compensation, automobile and general liability policies. At June 30, 2017, the Company had approximately $61.6 million of outstanding letters of credit. This amount represents the maximum amount of payments the Company could be required to make if these letters of credit are drawn upon. Additionally, the Company issues surety bonds (primarily performance in nature) that are customarily required by commercial terms on construction projects. At June 30, 2017, these bonds outstanding had a face value of $137.3 million. This amount represents the bond penalty amount of future payments the Company could be required to make if the Company fails to perform its obligations under such contracts. The performance bonds do not have a stated expiration date; rather, each is released when the Company's performance of the contract is accepted by the customer. The Company’s maximum exposure as it relates to the value of the bonds outstanding is lowered on each bonded project as the cost to complete is reduced. As of June 30, 2017, no liability has been recognized for letters of credit or surety bonds.

Other Circumstances

The Company has the usual liability of contractors for the completion of contracts and the warranty of its work. In addition, the Company acts as prime contractor on a majority of the projects it undertakes and is normally responsible for the performance of the entire project, including subcontract work. Management is not aware of any material exposure related thereto which has not been provided for in the accompanying Condensed Consolidated Financial Statements.

14. Fair Value Measurements

The FASB’s standard on fair value measurements defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required or permitted to be recorded at fair value, the Company considers the principal or most advantageous market in which it would transact and considers assumptions that market participants would use when pricing the asset or liability, such as inherent risk, transfer restrictions and risk of nonperformance.

Fair Value Hierarchy

The FASB’s standard on fair value measurements establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instrument’s categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. This standard establishes three levels of inputs that may be used to measure fair value:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities.

Level 3 – Unobservable inputs to the valuation methodology that are significant to the measurement of fair value of assets or liabilities.

There were no transfers between levels in the second quarter of 2017 and 2016.

The Company’s financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable, notes payable and long-term debt. The fair value estimates of the Company’s financial instruments have been determined using available market information and appropriate valuation methodologies and approximate carrying value.

Hedging Arrangements

The Company is exposed to market risk associated with changes in non-U.S. currency exchange rates. To mitigate its risk, the Company may borrow in Canadian dollars under its Canadian Facility to settle U.S. dollar account balances. The Company attempts to negotiate contracts that provide for payment in U.S. dollars, but it may be required to take all or a portion of payment under a contract in another currency. To mitigate non-U.S. currency exchange risk, the Company seeks to match anticipated non-U.S. currency revenue with expenses in the same currency whenever possible. To the extent it is unable to match non-U.S. currency revenue with expenses in the same currency, the Company may use forward contracts, options or other common hedging techniques in the same non-U.S. currencies. The Company had no forward contracts or options at June 30, 2017 or December 31, 2016.

The Company is subject to interest rate risk on its debt and investment of cash and cash equivalents arising in the normal course of business and had previously entered into hedging arrangements to fix or otherwise limit the interest cost of its variable interest rate borrowings.

Termination of Interest Rate Swap Agreement

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

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(Unaudited)

15. Other Charges
The following table reflects the Company's other charges for the three and six months ended June 30, 2017 and 2016 (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Equipment and facility lease abandonment	$115	$(174)	$94	$3,121
Loss on sale of subsidiary (1)	—	—	—	123
Employee severance charges	188	1,101	532	1,158
Restatement costs (2)	103	(81)	377	(46)
Accelerated stock vesting	29	93	194	271
Total	$435	$939	$1,197	$4,627

(1) Attributed to the 2016 sale of the Oil & Gas segment's fabrication business.
(2) Includes legal fees associated with the restatements of the Company's Condensed Consolidated Financial Statements for the quarterly periods ended March 31, 2014 and June 30, 2014. See Note 13 - Contingencies, Commitments and Other Circumstances for more information.
Activity in the accrual related to the equipment and facility lease abandonment charges during the six months ended June 30, 2017 is as follows (in thousands):

	Oil & Gas	Canada	Utility T&D	Corporate	Total
Accrued cost at December 31, 2016	$793	$ 290	$348	$ 4,048	$5,479
Cash payments	(155)	(67)	(95)	(730)	(1,047)
Non-cash charges (1)	—	—	—	165	165
Change in estimates	75	31	—	(12)	94
Accrued cost at June 30, 2017	$713	$ 254	$253	$ 3,471	$4,691

(1) Non-cash charges consist of accretion expense.
The Company will continue to evaluate the need for additional equipment and facility lease abandonment charges, including the adequacy of its existing accrual, as conditions warrant.

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16. Discontinued Operations
The following disposals qualify for discontinued operations treatment under ASU 2014-08, which the Company adopted on January 1, 2015.
Professional Services
On November 30, 2015, the Company sold the balance of its Professional Services segment to TRC for $130.0 million in cash, subject to working capital and other adjustments. At closing, TRC held back $7.5 million from the purchase price (the “Holdback Amount”) until the Company effects the novation of a customer contract from one of the subsidiaries sold in the transaction to the Company (or obtains written approval of a subcontract of all the work that is the subject of such contract) and obtains certain consents. If such novation, subcontract or consents were not approved by March 15, 2016, TRC would pay the Holdback Amount to the Company. In connection with this transaction, the Company recorded a net gain on sale of $97.0 million during the year ended December 31, 2015.
During the year ended December 31, 2016, the Company reached an agreement with TRC on substantially all of the outstanding items related to the sale of the Professional Services segment. As a result, the Company received $4.6 million during the year ended December 31, 2016 in relation to the sale and inclusive of the final settlement of working capital and the Holdback Amount and recorded $2.5 million in charges against the net gain on sale in relation to working capital and other post-closing adjustments.
Certain assets and liabilities associated with one Professional Services contract were retained by the Company and have been excluded from the transaction.
In 2015, and prior to the sale of the balance of the Professional Services segment, the Company sold the following three subsidiaries that were historically part of the Professional Services segment.
Downstream Professional Services
On June 12, 2015, the Company sold all of its issued and outstanding equity of Downstream Professional Services to BR Engineers, LLC for approximately $10.0 million in cash. In connection with this transaction, the Company recorded a net loss on sale of $2.2 million during the year ended December 31, 2015.
Premier
On March 31, 2015, the Company sold all of its membership units in Premier to USIC Locating Services, LLC for approximately $51.0 million in cash, of which $4.0 million was deposited into an escrow account for a period of up to eighteen months to cover post-closing adjustments and any indemnification obligations of the Company. In connection with this transaction, the Company recorded a net gain on sale of $37.1 million during the year ended December 31, 2015. The Company received $3.7 million as full and final settlement of the outstanding escrow amount during the year ended December 31, 2016.
UtilX
On March 17, 2015, the Company sold all of its equity interests of UtilX to Novinium, Inc. for approximately $40.0 million in cash, of which $0.5 million was deposited into an escrow account for a period of six months to cover post-closing adjustments and any indemnification obligations of the Company. In the third quarter of 2015, the Company cleared the $0.5 million amount recorded in the escrow account as a post-closing adjustment. As a result of this transaction, the Company recorded a net gain on sale of $20.3 million during the year ended December 31, 2015.
Hawkeye
In the fourth quarter of 2013, the Company sold certain assets comprising its Hawkeye business to Elecnor Hawkeye, LLC, a subsidiary of Elecnor, Inc. The Maine Power Reliability Program Project was retained by the Company and subsequently completed in 2015.

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16. Discontinued Operations (continued)

Results of Discontinued Operations
Condensed Statements of Operations with respect to discontinued operations are as follows (in thousands) and are entirely related to the Professional Services segment:

	Three Months Ended June 30, 2017		
	Professional Services	Hawkeye	Total
Contract revenue	$4	$ —	$4
Contract costs	23	—	23
Loss on sale of subsidiary	—	—	—
General and administrative	288	(335)	(47)
Other charges	—	—	—
Operating income (loss)	(307)	335	28
Non-operating expenses	—	—	—
Pre-tax income (loss)	(307)	335	28
Provision for income taxes	9	—	9
Income (loss) from discontinued operations	$(316)	$ 335	$19

	Three Months Ended June 30, 2016		
	Professional Services	Hawkeye	Total
Contract revenue	$745	$ —	$745
Contract costs	947	—	947
Loss on sale of subsidiary	911	—	911
General and administrative	708	—	708
Other charges	(1,162)	—	(1,162)
Operating loss	(659)	—	(659)
Non-operating income	1	—	1
Pre-tax loss	(658)	—	(658)
Provision for income taxes	—	—	—
Loss from discontinued operations	$(658)	$ —	$(658)

	Six Months Ended June 30, 2017		
	Professional Services	Hawkeye	Total
Contract revenue	$683	$ —	$683
Contract costs	261	—	261
Loss on sale of subsidiary	—	—	—
General and administrative	745	(320)	425
Other charges	—	—	—
Operating income (loss)	(323)	320	(3)
Non-operating expenses	—	—	—
Pre-tax income (loss)	(323)	320	(3)
Provision for income taxes	9	—	9

Income (loss) from discontinued operations	$(332)	$ 320	$(12)

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16. Discontinued Operations (continued)

	Six Months Ended June 30, 2016		
	Professional Services	Hawkeye	Total
Contract revenue	$1,869	$ —	$1,869
Contract costs	2,017	—	2,017
Loss on sale of subsidiary	2,456	—	2,456
General and administrative	1,069	—	1,069
Other charges	(1,162)	—	(1,162)
Operating loss	(2,511)	—	(2,511)
Non-operating expenses	—	—	—
Pre-tax loss	(2,511)	—	(2,511)
Provision for income taxes	—	—	—
Loss from discontinued operations	$(2,511)	$ —	$(2,511)

Condensed Balance Sheets with respect to discontinued operations are as follows (in thousands):

	June 30, 2017		
	Professional Services	Hawkeye	Total
Accounts receivable, net	$2	$ —	$2
Contract cost and recognized income not yet billed	46	—	46
Total assets associated with discontinued operations	48	—	48
Accounts payable and accrued liabilities	243	189	432
Contract billings in excess of costs and recognized income	—	—	—
Other current liabilities	391	—	391
Other long-term liabilities	824	—	824
Total liabilities associated with discontinued operations	1,458	189	1,647
Net liabilities associated with discontinued operations	$(1,410)	$ (189)	$(1,599)

	December 31, 2016		
	Professional Services	Hawkeye	Total
Accounts receivable, net	$313	$ —	$313
Contract cost and recognized income not yet billed	192	—	192
Total assets associated with discontinued operations	505	—	505
Accounts payable and accrued liabilities	412	277	689
Contract billings in excess of costs and recognized income	358	—	358
Other current liabilities	531	—	531
Other long-term liabilities	995	—	995
Total liabilities associated with discontinued operations	2,296	277	2,573
Net liabilities associated with discontinued operations	$(1,791)	$ (277)	$(2,068)

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with the unaudited Condensed Consolidated Financial Statements for the three and six months ended June 30, 2017 and 2016, included in Item 1 of Part I of this Form 10-Q, and the Consolidated Financial Statements and Management's Discussion and Analysis of Financial Condition and Results of Operations, including Critical Accounting Policies, included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2016.

OVERVIEW

Company Information

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

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

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

Our Oil & Gas segment provides construction, maintenance and lifecycle extension services to the midstream markets. These services include pipeline construction to support the transportation and storage of hydrocarbons, including gathering, lateral and main-line pipeline systems, as well as, facilities construction such as pump stations, flow stations, gas compressor stations and metering stations. In addition, the Oil & Gas segment provides integrity construction, pipeline systems maintenance and tank services to a number of different customers. Our Oil & Gas segment's tank services business is classified as held for sale at June 30, 2017. See Note 5 - Assets Held for Sale for more information.

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

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

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

Looking Forward

Our second quarter of 2017 contract revenue was the largest since the first quarter of 2015. New projects awarded late in the first quarter of 2017, coupled with ongoing maintenance work, propelled this growth. These increases in contract revenue contributed to a significant improvement in operating results in the second quarter of 2017 in comparison to the first quarter of 2017.

The outlook for the latter half of 2017 continues to improve and the prospects for 2018, particularly in the pipeline market, are significant. We have achieved some recent success in converting opportunities to backlog in our Oil &

Gas segment, and the market remains strong. We now have improved visibility in the Oil & Gas segment for the remainder of 2017. The electric transmission and distribution market is also robust, and we anticipate our Utility T&D segment to continue its strong growth. Our Canada segment continues to face challenges in a difficult market as maintenance needs remain the primary focus of our customer base.

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Successful project management and execution will be key drivers in sustaining improvement in our operating performance.

Other Financial Measures

Adjusted EBITDA from Continuing Operations

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

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

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

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

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

	Six Months Ended	
	June 30, 2017	June 30, 2016
Loss from continuing operations	$(18,857)	$(19,059)
Interest expense	7,155	6,869
Interest income	(15)	(431)
Provision (benefit) for income taxes	(2,797)	354
Depreciation and amortization	9,957	11,309
EBITDA from continuing operations	(4,557)	(958)
Debt covenant suspension and extinguishment charges	—	63
Stock based compensation	1,534	2,401
Restructuring and reorganization costs	626	4,279
Legal fees associated with the restatements	377	(46)
Fort McMurray wildfire related costs	—	523
Gain on disposal of property and equipment	(1,433)	(2,934)
Adjusted EBITDA from continuing operations	$(3,453)	$3,328

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Backlog

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

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

At June 30, 2017, 12-month backlog was $546.9 million, and total backlog was $808.6 million. In comparison to December 31, 2016, 12-month backlog increased $127.0 million, and total backlog increased $16.1 million. The increase in both 12-month and total backlog is primarily related to significant discrete project additions in 2017 in all three of our segments. The increase in discrete project additions is partially offset by the work-off of our existing MSAs, specifically in our Utility T&D segment, which are subject to renewal options in future years. MSA work included in backlog extends only through the life of the contract. We intend to pursue the renewal of these MSAs upon expiration.

Approximately $26.4 million and $15.2 million of 12-month and total backlog at June 30, 2017 and December 31, 2016, respectively, is attributed to our tank services business, which is classified as held for sale at June 30, 2017. Our tank services business is included in our Oil & Gas segment.

The following tables (in thousands) show our 12-month and total backlog by operating segment and type of contract as of June 30, 2017 and December 31, 2016:

	12-Month Backlog					
	June 30, 2017			December 31, 2016		
	MSA	Discrete Contract	12-Month	MSA	Discrete Contract	12-Month
Oil & Gas	$—	$116,366	$116,366	$—	$28,827	$28,827
Utility T&D	291,991	63,489	355,480	312,681	37,317	349,998
Canada	49,191	25,860	75,051	33,430	7,611	41,041
12-Month Backlog	$341,182	$205,715	$546,897	$346,111	$73,755	$419,866

	Total Backlog					
	June 30, 2017			December 31, 2016		
	MSA	Discrete Contract	Total	MSA	Discrete Contract	Total
Oil & Gas	$—	$116,366	$116,366	$—	$28,827	$28,827
Utility T&D	474,377	66,499	540,876	607,061	49,777	656,838
Canada	125,476	25,860	151,336	99,182	7,611	106,793
Total Backlog	$599,853	$208,725	$808,578	$706,243	$86,215	$792,458

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

In our Annual Report on Form 10-K for the year ended December 31, 2016, we identified and disclosed our significant accounting policies. Subsequent to December 31, 2016, there has been no change to our significant accounting policies.

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RESULTS OF OPERATIONS
Three Months Ended June 30, 2017 Compared to Three Months Ended June 30, 2016
(in thousands)

	2017	2016	Change
Contract revenue			
Oil & Gas	$49,032	$54,739	$(5,707)
Utility T&D	151,683	109,355	42,328
Canada	26,732	29,496	(2,764)
Eliminations	—	(148)	148
Total	227,447	193,442	34,005
Contract costs	210,368	178,285	32,083
Contract income	17,079	15,157	1,922
Amortization of intangibles	2,417	2,439	(22)
General and administrative	13,869	14,520	(651)
Other charges	435	939	(504)
Operating income (loss)			
Oil & Gas	(3,434)	(889)	(2,545)
Utility T&D	10,984	4,321	6,663
Canada	(1,714)	631	(2,345)
Corporate	(5,478)	(6,804)	1,326
Total	358	(2,741)	3,099
Non-operating expenses	(3,676)	(2,833)	(843)
Loss from continuing operations before income taxes	(3,318)	(5,574)	2,256
Provision (benefit) for income taxes	(2,197)	187	(2,384)
Loss from continuing operations	(1,121)	(5,761)	4,640
Income (loss) from discontinued operations net of provision for income taxes	19	(658)	677
Net loss	$(1,102)	$(6,419)	$5,317

Consolidated Results

Contract Revenue

Contract revenue increased $34.0 million in the second quarter of 2017 primarily related to increased volume in our Utility T&D segment mainly through growth in discrete projects, increased work under our alliance agreement with Oncor and incremental storm restoration work between periods. The overall increase is partially offset with decreased revenue in our mainline pipeline, facilities and integrity construction service offerings in our Oil & Gas segment primarily due to a lower volume of work between periods.

Contract Income

Contract income increased $1.9 million in the second quarter of 2017 in conjunction with our overall revenue growth. However, contract margin was 7.5 percent in the second quarter of 2017 compared to 7.8 percent in the second quarter of 2016. The decrease in contract margin is primarily related to lower margins in our Oil & Gas and Canada segments due, in part, to lower productivity on ongoing projects. The overall decrease in contract margin is partially offset by increased productivity in our Utility T&D segment, which is in line with its revenue growth, as well as a $2.0 million income recovery associated with a claim on a cross-country pipeline project in our Canada segment.

Amortization of Intangibles

We recorded $2.4 million of intangible amortization expense in the second quarter of 2017 primarily related to the amortization of customer relationship and trademark intangibles associated with our Utility T&D segment. The small decrease from the second quarter of 2016 is related to the lack of intangible amortization associated with our tank services business in our Oil & Gas segment, which is held for sale at June 30, 2017.

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General and Administrative Expenses

General and administrative expenses decreased $0.7 million in the second quarter of 2017. The decrease was primarily due to recent cost reduction initiatives in our corporate headquarters, as well as headcount reductions in our Oil & Gas and Canada segments. The overall decrease is partially offset by a reduction of gains on the sale of equipment, primarily in our Oil & Gas and Canada segments, between periods.

Other Charges

We recorded other charges of $0.4 million in the second quarter of 2017 primarily related to employee severance and termination costs and changes in facility lease abandonment estimates as well as legal fees associated with the restatement of our Condensed Consolidated Financial Statements for the quarterly periods ended March 31, 2014 and June 30, 2014. The decrease of $0.5 million from the second quarter of 2016 is primarily related to a reduction of employee severance and termination costs in the Oil & Gas and Canada segments between periods.

Operating Income (Loss)

Operating income increased $3.1 million in the second quarter of 2017 primarily driven by an increase in contract income and the decrease in general and administrative expenses and other charges primarily related to the factors discussed above.

Non-Operating Expenses

Non-operating expenses increased $0.8 million in the second quarter of 2017 primarily related to the favorable settlement of a contract dispute with a customer in the second quarter of 2016 that did not recur in the second quarter of 2017. The overall increase is also partly attributed to an increase in the amortization of Term Loan amendment fees between periods.

Provision (Benefit) for Income Taxes

Provision for income taxes decreased $2.4 million to a benefit of $2.2 million in the second quarter of 2017. The decrease in the provision is primarily attributed to a change from an income tax provision to an income tax benefit related to our Canada segment and a refund resulting from a Texas Margins Tax audit. The decrease is partially offset with a current quarter charge related to the settlement of a transfer pricing audit in Canada.

Income (Loss) from Discontinued Operations, Net of Taxes

Loss from discontinued operations decreased $0.7 million to near break-even in the second quarter of 2017 primarily due a working capital adjustment in the second quarter of 2016 in connection with the sale of our Professional Service segment, that did not recur in the second quarter of 2017. Working capital and all other post-closing adjustments associated with this sale were finalized during the year ended December 31, 2016. The decreased loss was also partly attributed to a reduction of insurance liabilities in the second quarter of 2017 associated with previously disposed businesses. The overall decrease was partially offset by changes in facility abandonment estimates that generated income in the second quarter of 2016. These changes in estimates did not recur in the second quarter of 2017.

Segment Results

Oil & Gas Segment

Contract revenue decreased $5.7 million in the second quarter of 2017 primarily related to a lower volume of work in our mainline pipeline, facilities and integrity construction service offerings between periods. The decrease was partially offset with revenue growth in our tank services business, which is held for sale at June 30, 2017.

Operating loss increased $2.5 million in the second quarter of 2017 primarily within our mainline pipeline, facilities and integrity construction service offerings and mostly related to the lower volume of work discussed above as well as lower productivity on ongoing projects, under-recovery of equipment costs and reduced gains on the sale of equipment between periods. The overall increase in operating loss was partially offset by a decrease in overhead costs related to headcount reductions in the prior year.

Utility T&D Segment

Contract revenue increased $42.3 million in the second quarter of 2017 primarily within our Southwest electric transmission construction service offerings, which includes increases in revenue from discrete projects, work under our alliance agreement with Oncor and incremental storm restoration work between periods. The increase is also partly attributed to revenue growth in our distribution service offerings and growth in our renewable energy service offerings.

Operating income increased $6.7 million in the second quarter of 2017 primarily driven by the revenue growth discussed above, which, coupled with consistent indirect and overhead costs between periods, generated an improvement in income from the second quarter of 2016.

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Canada Segment

Contract revenue decreased $2.8 million in the second quarter of 2017 primarily related to a lower volume of work in our industrial and construction service offerings including the completion of certain larger tank projects in the second quarter of 2016 that did not recur in the second quarter of 2017. The overall decrease is also attributed to a lower volume of work in our fabrication and cross-country pipeline service offerings. The overall decrease was partially offset with growth in our construction and maintenance service offerings between periods as well as a $1.5 million revenue recovery associated with a claim on a cross-country pipeline project.

Operating income decreased $2.3 million to a loss of $1.7 million in the second quarter of 2017 primarily related to a lower volume of work discussed above, coupled with lower margins in our construction and maintenance service offerings due to lower productivity. In addition, the overall decrease was partly attributed to a reduction of gains on the sale of equipment between periods. The overall decrease was partially offset by a $2.0 million income recovery associated with a claim on a cross-country pipeline project, coupled with a decrease in overhead costs related to headcount reductions in the prior year.

Corporate

Corporate costs represent overhead costs, such as executive management, public company, accounting, tax and professional services, human resources and treasury, that are not directly related to the operations of the segments. The $1.3 million decrease in corporate costs in the second quarter of 2017 are primarily attributed to recently implemented cost reduction initiatives, including employee headcount reductions, across our corporate headquarters.

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Six Months Ended June 30, 2017 Compared to Six Months Ended June 30, 2016
(in thousands)

	2017	2016	Change
Contract revenue			
Oil & Gas	$71,464	$114,074	$(42,610)
Utility T&D	267,191	206,644	60,547
Canada	52,692	71,988	(19,296)
Eliminations	—	(234)	234
Total	391,347	392,472	(1,125)
Contract costs	372,587	363,516	9,071
Contract income	18,760	28,956	(10,196)
Amortization of intangibles	4,834	4,877	(43)
General and administrative	27,224	31,654	(4,430)
Other charges	1,197	4,627	(3,430)
Operating income (loss)			
Oil & Gas	(10,770)	(6,636)	(4,134)
Utility T&D	11,768	9,220	2,548
Canada	(5,054)	1,455	(6,509)
Corporate	(10,439)	(16,241)	5,802
Total	(14,495)	(12,202)	(2,293)
Non-operating expenses	(7,159)	(6,503)	(656)
Loss from continuing operations before income taxes	(21,654)	(18,705)	(2,949)
Provision (benefit) for income taxes	(2,797)	354	(3,151)
Loss from continuing operations	(18,857)	(19,059)	202
Loss from discontinued operations net of provision for income taxes	(12)	(2,511)	2,499
Net loss	$(18,869)	$(21,570)	$2,701

Consolidated Results

Contract Revenue

Contract revenue decreased $1.1 million in the first six months of 2017 primarily related to a lower volume of work in our mainline pipeline, facilities and integrity construction service offerings in our Oil & Gas segment, as well as within a number of service offerings in our Canada segment. The overall decrease was partially offset by increased volume in our Utility T&D segment mainly through growth in revenue from discrete projects, work under our alliance agreement with Oncor and incremental storm restoration work.

Contract Income

Contract income decreased $10.2 million in the first six months of 2017 as contract margin was 4.8 percent in the first six months of 2017 compared to 7.4 percent in the first six months of 2016. The decrease in contract margin is primarily related to lower margins in our Oil & Gas and Canada segments due, in part, to a lower volume of work and lower productivity on ongoing projects. The overall decrease in contract margin is also partly attributed to the composition of work performed in our Utility T&D segment in the first six months of 2017, where, although contract income has increased, contract margins are lower in comparison to the first six months of 2016.

Amortization of Intangibles

We recorded $4.8 million of intangible amortization expense in the first six months of 2017 primarily related to the amortization of customer relationship and trademark intangibles associated with our Utility T&D segment. The small decrease from the first six months of 2016 is related to the lack of intangible amortization associated with our tank services business in our Oil & Gas segment, which is held for sale at June 30, 2017.

General and Administrative Expenses
General and administrative expenses decreased $4.4 million in the first six months of 2017. The decrease was primarily due to recent cost reduction initiatives in our corporate headquarters, as well as headcount reductions in our Oil & Gas and Canada segments. The overall decrease is partially offset by a reduction of gains on the sale of equipment in all of our segments.

Other Charges
We recorded other charges of $1.2 million in the first six months of 2017 primarily related to employee severance and termination costs and legal fees associated with the restatement of our Condensed Consolidated Financial Statements for the quarterly periods ended March 31, 2014 and June 30, 2014. The decrease of $3.4 million from the first six months of 2016 is primarily related to equipment and facility lease abandonment charges that did not recur in the first six months of 2017, as well as an overall reduction in employee severance and termination costs discussed above.

Operating Loss
Operating loss increased $2.3 million in the first six months of 2017 primarily driven by the reduction in contract income and related margin discussed above. The overall increase is partially offset by a decrease in general and administrative expenses and other charges, including equipment and facility lease abandonment charges and employee severance and termination costs, between periods.

Non-Operating Expenses
Non-operating expenses increased $0.7 million in the first six months of 2017 primarily related to the favorable settlement of a contract dispute with a customer in the first six months of 2016 that did not recur in the first six months of 2017. The overall increase is also partly attributed to an increase in the amortization of Term Loan amendment fees between periods.

Provision (Benefit) for Income Taxes
Provision for income taxes decreased $3.2 million to a benefit of $2.8 million in the first six months of 2017. The decrease in the provision is primarily attributed to a change from an income tax provision to an income tax benefit related to our Canada segment, a refund resulting from a Texas Margins Tax audit and a refundable alternative minimum tax credit carry-forward. The decrease is partially offset with a current quarter charge related to the settlement of a transfer pricing audit in Canada.

Income (Loss) from Discontinued Operations, Net of Taxes
Loss from discontinued operations decreased $2.5 million to near break-even in the first six months of 2017 primarily due to working capital adjustments in the first six months of 2016 in connection with the sale of our Professional Service segment, that did not recur in the first six months of 2017. Working capital and all other post-closing adjustments associated with this sale were finalized during the year ended December 31, 2016. The decreased loss was also partly attributed to a reduction of insurance liabilities in the first six months of 2017 associated with previously disposed businesses. The overall decrease was partially offset by changes in facility abandonment estimates that generated income in the first six months of 2016. These changes in estimates did not recur in the first six months of 2017.

Segment Results

Oil & Gas Segment
Contract revenue decreased $42.6 million in the first six months of 2017 primarily in our mainline pipeline, facilities and integrity construction service offerings, due to a lower volume of work between periods. The decrease was partially offset with revenue growth in our tank services business, which is held for sale at June 30, 2017.
Operating loss increased $4.1 million in the first six months of 2017 primarily within our mainline pipeline, facilities and integrity construction service offerings and mostly related to the lower volume of work discussed above as well as lower margins on ongoing projects, under-recovery of equipment costs and reduced gains on the sale of equipment between periods. The overall increase in operating loss was partially offset by charges related to the abandonment of certain equipment leases in the first six months of 2016 that did not recur in the first six months of 2017, as well as a decrease in overhead costs primarily related to headcount reductions in the prior year.

Utility T&D Segment

Contract revenue increased $60.5 million in the first six months of 2017 primarily within our Southwest electric transmission construction service offerings in Texas, which includes increases in revenue from discrete projects, work under our alliance agreement with Oncor and incremental storm restoration work. The increase is also partly attributed to revenue growth in our distribution service offerings and our renewable energy service offerings.

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Operating income increased $2.5 million in the first six months of 2017 primarily driven by the revenue growth discussed above. The increase is partially offset by the composition of work performed in the first six months of 2017, where margins are lower compared to the work performed in the first six months of 2016. The increase is also partially offset by increased employee-related costs and a reduction on gains on the sale of equipment across the entire segment between periods.

Canada Segment

Contract revenue decreased $19.3 million in the first six months of 2017 primarily related to a lower volume of work in our industrial and construction service offerings including the completion of certain larger tank projects in the first six months of 2016 that did not recur in the first six months of 2017. The overall decrease is also attributed to a lower volume of work in our fabrication and cross-country pipeline service offerings. The overall decrease was partially offset with a $1.5 million revenue recovery associated with a claim on a cross-country pipeline project.

Operating income decreased $6.5 million to a loss of $5.1 million in the first six months of 2017. The decrease is primarily related to a lower volume of work discussed above, coupled with reduced margins in our construction and maintenance service offerings due to lower productivity. In addition, the overall decrease was partly attributed to a reduction of gains on the sale of equipment between periods. The overall decrease was partially offset by a $2.0 million income recovery associated with a claim on a cross-country pipeline project, coupled with a decrease in overhead costs related to headcount reductions in the prior year.

Corporate

Corporate costs represent overhead costs, such as executive management, public company, accounting, tax and professional services, human resources and treasury, that are not directly related to the operations of the segments. The $5.8 million decrease in corporate costs in the first six months of 2017 is primarily attributed to recently implemented cost reduction initiatives, including employee headcount reductions, across our corporate headquarters. In addition, the overall decrease is partly attributed to a facility lease abandonment charge in the first six months of 2016 that did not recur in the first six months of 2017.

LIQUIDITY AND CAPITAL RESOURCES

Additional Sources and Uses of Capital

2014 Term Loan Facility

On December 15, 2014, we entered into a credit agreement (the “2014 Term Credit Agreement”) among Willbros Group, Inc., certain of its subsidiaries, as guarantors, the lenders from time to time party thereto, JPMorgan Chase Bank, N.A., as administrative agent, and KKR Credit Advisors (US) LLC, as sole lead arranger and sole bookrunner. Cortland Capital Market Services LLC currently serves as administrative agent under the 2014 Term Credit Agreement.

The 2014 Term Credit Agreement provides for a five-year $270.0 million term loan facility (the “2014 Term Loan Facility”), which we drew in full on the effective date of the 2014 Term Credit Agreement. Willbros Group, Inc. is the borrower under the 2014 Term Credit Agreement, with all of its obligations guaranteed by its material U.S. subsidiaries, other than excluded subsidiaries. Obligations under the 2014 Term Loan Facility are secured by a first priority security interest in, among other things, the borrower’s and the guarantors’ equipment, subsidiary capital stock and intellectual property (the “2014 Term Loan Priority Collateral”) and a second priority security interest in, among other things, the borrower’s and the guarantors’ inventory, accounts receivable, deposit accounts and similar assets.

The term loans bear interest at the “Adjusted Base Rate” plus an applicable margin of 8.75 percent, or the “Eurodollar Rate” plus an applicable margin of 9.75 percent. The interest rate in effect at June 30, 2017 and December 31, 2016 was 11 percent, comprised of an applicable margin of 9.75 percent for Eurodollar Rate loans plus a LIBOR floor of 1.25 percent.

Unamortized debt issuance costs, primarily related to amendment fees associated with the 2014 Term Loan Facility, were $5.6 million and $4.1 million at June 30, 2017 and December 31, 2016, respectively. These costs are being amortized through the maturity date of the 2014 Term Loan Facility using the effective interest method.

We made no early payments during the six months ended June 30, 2017 and $3.1 million of early payments during the six months ended June 30, 2016 against our 2014 Term Loan Facility. As a result of these early payments, we recorded no debt extinguishment charges during the six months ended June 30, 2017 and $0.1 million of debt

extinguishment charges, which consisted of the write-off of debt issuance costs, during the six months ended June 30, 2016.
We are also required to pay a repayment fee on the maturity date of the 2014 Term Loan Facility equal to 5.0 percent of the aggregate principal amount outstanding on the maturity date. The repayment fee was contingent upon the sale of our Professional Services segment, which was completed on November 30, 2015. As a result, we are amortizing the repayment fee as a discount, from that date through the maturity date of the 2014 Term Loan Facility, using the effective interest method. The

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unamortized amount of the repayment fee is $3.1 million and $3.6 million at June 30, 2017 and December 31, 2016, respectively.

Since December 31, 2014, we have significantly reduced the balance under the 2014 Term Loan Facility. Under the provisions of the 2014 Term Credit Agreement, with respect to prepayments made from inception of the Term Loan through June 30, 2017, we have not been required to pay prepayment premiums in respect of the “makewhole amount.” However, future prepayments or refinancing of the balance of the 2014 Term Loan Facility will, in most cases, require us to pay a prepayment premium equal to the makewhole amount. The makewhole amount is calculated as the present value of all interest payments that would have been made on the amount prepaid from the date of the prepayment to December 15, 2019 (or June 15, 2019 if the prepayment is made on or after June 15, 2018) at a rate per annum equal to the sum of 9.75 percent plus the greater of 1.25 percent and the Eurodollar rate in effect on the date of the repayment.

2013 ABL Credit Facility

On August 7, 2013, we entered into a five-year asset based senior revolving credit facility maturing on August 7, 2018 with Bank of America, N.A. serving as sole administrative agent for the lenders thereunder, collateral agent, issuing bank and swingline lender (as amended, the “2013 ABL Credit Facility”).

The aggregate amount of commitments for the 2013 ABL Credit Facility is $100.0 million, which was previously comprised of $80.0 million for the U.S. facility (the “U.S. Facility”) and $20.0 million for the Canadian facility (the “Canadian Facility”). Effective June 16, 2017, pursuant to the Fifth Amendment to the 2013 ABL Credit Facility, the aggregate amount of commitments for the 2013 ABL Credit Facility is now comprised of $90.0 million for the U.S. Facility and $10.0 million for the Canadian Facility.

The 2013 ABL Credit Facility includes a sublimit of $80.0 million for letters of credit. The borrowers under the U.S. Facility consist of all our U.S. operating subsidiaries with assets included in the borrowing base, and the U.S. Facility is guaranteed by Willbros Group, Inc. and its material U.S. subsidiaries, other than excluded subsidiaries. The borrower under the Canadian Facility is Willbros Construction Services (Canada) LP, and the Canadian Facility is guaranteed by Willbros Group, Inc. and all of its material U.S. and Canadian subsidiaries, other than excluded subsidiaries.

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

- 85 percent of the value of “eligible accounts” (as defined in our 2013 ABL Credit Facility);
- the lesser of (i) 75 percent of the value of “eligible unbilled accounts” (as defined in our 2013 ABL Credit Facility) and (ii) $33.0 million minus the amount of eligible unbilled accounts then included in the borrowing base; and
- “eligible pledged cash”.

We are also required, as part of our borrowing base calculation, to include a minimum of $25.0 million of the net proceeds of the sale of Bemis, LLC and the balance of the Professional Services segment as eligible pledged cash. We have included $40.0 million as eligible pledged cash in our June 30, 2017 borrowing base calculation, which is included in “Restricted cash” on our Condensed Consolidated Balance Sheets.

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

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

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

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

<1.15 to 1	1.75%	2.75%

We will also pay an unused line fee on each of the U.S. and Canadian Facilities equal to 50 basis points when usage under the applicable facility during the preceding calendar month is less than 50 percent of the commitments or 37.5 basis points when usage under the applicable facility equals or exceeds 50 percent of the commitments for such period. With respect to the letters of credit, we will pay a letter of credit fee equal to the applicable LIBOR margin, shown in the table above, on all letters of credit and a 0.125 percent fronting fee to the issuing bank, in each case, payable monthly in arrears. Obligations under the 2013 ABL Credit Facility are secured by a first priority security interest in the borrowers' and guarantors' accounts receivable, deposit accounts and similar assets (the "ABL Priority Collateral") and a second priority security interest in the 2014 Term Loan Priority Collateral.

Debt Covenants and Events of Default

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

On March 31, 2015 (the "First Amendment Closing Date"), March 1, 2016, July 26, 2016 and March 3, 2017, we amended the 2014 Term Credit Agreement pursuant to a First Amendment (the "First Amendment"), a Third Amendment (the "Third Amendment"), a Fourth Amendment (the "Fourth Amendment") and a Fifth Amendment (the "Fifth Amendment"). These amendments, among other things, suspend the calculation of the Maximum Total Leverage Ratio and Minimum Interest Coverage Ratio for the period from December 31, 2014 through June 30, 2017 (the "Covenant Suspension Periods") so that any failure by us to comply with the Maximum Total Leverage Ratio or Minimum Interest Coverage Ratio during the Covenant Suspension Periods shall not be deemed to result in a default or event of default.

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

In consideration for the Third Amendment and Fourth Amendment, we paid a total of $4.6 million in amendment fees in 2016. The amendment fees are recorded as direct deductions from the carrying amount of the 2014 Term Loan Facility and are being amortized through the maturity date of the 2014 Term Loan Facility using the effective interest method.

Due to operating losses in 2016 driven, in part, by an overall lower volume of work and significant losses on a cross-country pipeline project in Canada, combined with our current forecast, we did not expect to be in compliance with the Maximum Total Leverage Ratio and Minimum Interest Coverage Ratio for the period from March 31, 2017 through December 31, 2017. As such, we obtained covenant relief pursuant to the Fifth Amendment.

The Fifth Amendment suspends compliance with the Maximum Total Leverage Ratio and the Minimum Interest Coverage Ratio covenants through June 30, 2017. In addition, under the Fifth Amendment, the Maximum Total Leverage Ratio will be 5.50 to 1.00 as of September 30, 2017 and will decrease to 4.50 to 1.00 as of December 31, 2017 and 3.00 to 1.00 as of June 30, 2018, and thereafter. The Minimum Interest Coverage Ratio will be 1.60 to 1.00 as of September 30, 2017 and will increase to 2.00 to 1.00 as of December 31, 2017 and 2.75 to 1.00 as of June 30, 2018, and thereafter. The Fifth Amendment also provides that, for the four-quarter period ending September 30, 2017, Consolidated EBITDA shall be equal to the sum of Consolidated EBITDA for the quarterly periods ending June 30, 2017 and September 30, 2017 multiplied by two, and, for the four-quarter period ending December 31, 2017,

Consolidated EBITDA shall be equal to the annualized sum of Consolidated EBITDA for the quarterly periods ending June 30, 2017, September 30, 2017 and December 31, 2017. The Fifth Amendment also permits us to retain the net proceeds of the sale of our tank services business for working capital purposes. In consideration for the Fifth Amendment, we paid an amendment fee of $2.3 million in the first quarter of 2017. The amendment fee is recorded as a direct deduction from the carrying amount of the 2014 Term Loan Facility and is being amortized through the maturity date of the 2014 Term Loan Facility using the effective interest method.
Concurrent with the effectiveness of the Fifth Amendment, coupled with our current forecasts, cash on hand, projected cash flow from operations and borrowing capacity under the 2013 ABL Credit Facility, we expect to meet our required financial covenants and have sufficient liquidity and capital resources to meet our obligations for at least the next twelve months;

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however, our results of operations will need to improve in the third and fourth quarters of 2017 in order to meet our forecasts and required financial covenants.

As of June 30, 2017, we did not have any outstanding revolver borrowings, and our unused availability was $24.3 million, net of outstanding letters of credit of $61.6 million. If our unused availability under the 2013 ABL Credit Facility is less than the greater of (i) 15.0 percent of the revolving commitments or $15.0 million for five consecutive days, or (ii) 12.5 percent of the revolving commitments or $12.5 million at any time, or upon the occurrence of certain events of default under the 2013 ABL Credit Facility, we are subject to increased reporting requirements, the administrative agent shall have exclusive control over any deposit account, we will not have any right of access to, or withdrawal from, any deposit account, or any right to direct the disposition of funds in any deposit account, and amounts in any deposit account will be applied to reduce the outstanding amounts under the 2013 ABL Credit Facility. In addition, if our unused availability under the 2013 ABL Credit Facility is less than the amounts described above, we would be required to comply with a Minimum Fixed Charge Coverage Ratio of 1.15 to 1.00. Based on our current forecasts, we do not expect our unused availability under the 2013 ABL Credit Facility to be less than the amounts described above and therefore do not expect the Minimum Fixed Charge Coverage Ratio to be applicable over the next twelve months. If the Minimum Fixed Charge Coverage Ratio were to become applicable, we would not expect to be in compliance over the next twelve months and would therefore be in default under our credit agreements.

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

- the preparation of financial statements in accordance with GAAP;
- the identification of any events or circumstances, either individually or in the aggregate, that has had or could reasonably be expected to have a material adverse effect on our business, results of operations, properties or financial condition;
- limitations on liens and indebtedness;
- limitations on dividends and other payments in respect of capital stock;
- limitations on capital expenditures; and
- limitations on modifications of the documentation of the 2013 ABL Credit Facility.

Cash Balances

As of June 30, 2017, we had cash and cash equivalents of $41.2 million. Our cash and cash equivalent balances held in the United States and foreign countries were $30.5 million and $10.7 million, respectively. In 2011, we discontinued our strategy of reinvesting non-U.S. earnings in foreign operations. Accordingly, we may repatriate cash for corporate purposes without incurring additional tax expense.

Our working capital position (defined as current assets minus current liabilities) for continuing operations decreased $5.6 million to $84.8 million at June 30, 2017 from $90.4 million at December 31, 2016, primarily attributable to our operating loss for the first six months of 2017 coupled with a reduction of vendor payments between periods. We continue to take the necessary measures to manage our liquidity by focusing on cash collections, monitoring capital expenditures and taking steps to improve our cash flow from operations.

Cash Flows

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

Cash flows provided by (used in) continuing operations by type of activity were as follows for the six months ended June 30, 2017 and 2016 (in thousands):

	2017	2016	Increase (Decrease)
Operating activities	$1,017	$(2,942)	$ 3,959
Investing activities	1,689	4,751	(3,062)

Financing activities	(2,810)	(6,221)	3,411
Effect of exchange rate changes	414	928	(514)
Cash provided by (used in) all continuing activities	$310	$(3,484)	$ 3,794

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Operating Activities

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

Operating activities from continuing operations provided net cash of $1.0 million during the six months ended June 30, 2017 as compared to $2.9 million cash used during the same period in 2016. The $3.9 million increase in operating cash flow is primarily a result of the following:

- An increase in cash flow provided by accounts payable of $29.9 million primarily related to reduced vendor payments during the period;
- An increase in cash flow provided by assets held for sale of $4.7 million primarily related to increased activity in our tank services business;
- A decrease in cash flow used of $1.1 million primarily related to a decrease in state tax liabilities; and
- An increase in cash flow provided by other assets and liabilities of $2.9 million attributed primarily to changes in business activity during the period.

These items were partially offset by:

- A decrease in cash flow provided by accounts receivable of $23.5 million primarily related to higher accounts receivable balances in the period related to a higher volume of work between periods; and
- A decrease in cash flow provided by contracts in progress of $11.4 million primarily related to decreased billings on projects during the period.

Investing Activities

Investing activities from continuing operations provided net cash of $1.7 million during the six months ended June 30, 2017 as compared to $4.8 million provided during the same period in 2016. The $3.1 million decrease in investing cash flow is primarily related to a $6.8 million decrease in proceeds from the sale of subsidiaries and a $3.0 million decrease in proceeds from property, plant and equipment which were partially offset by a $6.1 million decrease in restricted cash deposits and a $0.6 million decrease in purchases of property, plant and equipment between periods.

Financing Activities

Financing activities used net cash of $2.8 million during the six months ended June 30, 2017 as compared to $6.2 million used during the same period of 2016. The $3.4 million increase in financing cash flow is primarily related to a $3.1 decrease in payments against our Term Loan and a $0.4 million decrease in payments against our capital leases between periods.

Discontinued Operations

Discontinued operations used net cash of $0.5 million during the six months ended June 30, 2017 as compared to $6.6 million used during the six months ended June 30, 2016. The $6.1 million increase in discontinued operations cash flow is primarily due to changes in business activity between periods from services previously associated with our Professional Services segment.

Interest Rate Risk

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

Termination of Interest Rate Swap Agreement

In August 2013, we entered into an interest rate swap agreement (the “Swap Agreement”) for a notional amount of $124.1 million to hedge changes in the variable rate interest expense on $124.1 million of our existing or replacement LIBOR indexed debt. The Swap Agreement was designated and qualified as a cash flow hedging instrument with the effective portion of the Swap Agreement's change in fair value recorded in Other Comprehensive Income (“OCI”). The Swap Agreement was highly effective in offsetting changes in interest expense and no hedge ineffectiveness was recorded in the Consolidated Statements of Operations. The Swap Agreement was terminated in the third quarter of 2015 for $5.7 million, which was recorded in OCI as fair

value. In the fourth quarter of 2015, we made an early payment of $93.6 million against our 2014 Term Loan Facility and therefore reclassified approximately $1.2 million of the fair value of the Swap Agreement from OCI to interest expense. In the first quarter of 2016, we made an early payment of $3.1 million against our 2014 Term Loan Facility and therefore reclassified approximately $0.1 million of the fair value of the Swap Agreement from OCI to interest expense. The remaining fair value of the Swap Agreement included in OCI will be reclassified to interest expense over the remaining life of the underlying debt with approximately $1.1 million expected to be recognized in the coming twelve months.

Capital Requirements

Our financing objective is to maintain financial flexibility to meet the material, equipment and personnel needs to support our project and MSA commitments. Our primary sources of capital are our cash on hand, projected cash flow from operations and borrowings under our 2013 ABL Credit Facility.

Our industry is capital-intensive, and we expect the need for substantial capital expenditures to continue into the foreseeable future to meet the anticipated demand for our services. As such, we are focused on providing working capital for projects in process, those scheduled to begin in 2017 and for the funding of our 2017 capital budget. Given our cash on hand and our ABL availability, we believe our financial results and financial management will provide sufficient funds to enable us to meet our planned operating needs and capital expenditures.

During the second quarter of 2017, in order to maintain our financial flexibility, we renewed our universal shelf registration statement, which provides us with the ability to offer and sell equity and debt securities, subject to market conditions and our capital needs.

In order to enhance our liquidity, which will in turn facilitate our ability to grow revenue, work on larger-scale projects, mitigate the risk of unexpected losses and contractual obligations and fund small acquisitions, we may consider, from time to time, the issuance of equity securities and/or increasing our debt.

Contractual Obligations

Other commercial commitments, as detailed in our Annual Report on Form 10-K for the year ended December 31, 2016, did not materially change except for payments made in the normal course of business.

NEW ACCOUNTING STANDARDS

See Note 3 - New Accounting Standards in the Notes to Condensed Consolidated Financial Statements included in this Form 10-Q for a summary of any recently issued accounting standards.

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FORWARD-LOOKING STATEMENTS

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

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

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

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ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

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

Termination of Interest Rate Swap Agreement

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

Foreign Currency Risk

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

We attempt to negotiate contracts which provide for payment in U.S. dollars, but we may be required to take all or a portion of payment under a contract in another currency. To mitigate non-U.S. currency exchange risk, we seek to match anticipated non-U.S. currency revenue with expense in the same currency whenever possible. To the extent we are unable to match non-U.S. currency revenue with expense in the same currency, we may use forward contracts, options or other common hedging techniques in the same non-U.S. currencies. We had no forward contracts or options at June 30, 2017 and 2016.

Other

The carrying amounts for cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities shown in the Condensed Consolidated Balance Sheets approximate fair value at June 30, 2017 due to the generally short maturities of these items. At June 30, 2017, we invested primarily in short-term dollar denominated bank deposits. We have the ability and expect to hold our investments to maturity.

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ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by us in reports filed or submitted under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to provide reasonable assurance that information required to be disclosed under the Exchange Act is accumulated and communicated to management, including its principal executive and financial officers, as appropriate to allow timely decisions regarding required disclosure. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives.

As of June 30, 2017, we have carried out an evaluation under the supervision of, and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act. Based on our evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of June 30, 2017, our disclosure controls and procedures were effective in providing the reasonable assurance described above.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarterly period ended June 30, 2017, that materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

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PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

For information regarding legal proceedings, see the discussion under the caption “Contingencies” in Note 13 - Contingencies, Commitments and Other Circumstances, of our “Notes to Condensed Consolidated Financial Statements” in Item 1 of Part I of this Form 10-Q, which information from Note 13 is incorporated by reference herein.

ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors involving us from those previously disclosed in Item 1A of Part I included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2016.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The following table provides information about purchases of our common stock by us during the quarter ended June 30, 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
April 1, 2017 - April 30, 2017	33,909	$ 2.70	—	—
May 1, 2017 - May 31, 2017	102,088	2.57	—	—
June 1, 2017 - June 30, 2017	662	2.38	—	—
Total	136,659	$ 2.60	—	—

(1) Represents shares of common stock acquired from certain of our officers and key employees under the share withholding provisions of our 2010 Stock and Incentive Compensation Plan for the payment of taxes associated with the vesting of shares of restricted stock and restricted stock units 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 in the New York Stock Exchange composite transactions, on the day that the stock was acquired by us.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Not applicable.

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ITEM 6. EXHIBITS

The following documents are included as exhibits to this Form 10-Q. Those exhibits below incorporated by reference herein are indicated as such by the information supplied in the parenthetical thereafter. If no parenthetical appears after an exhibit, such exhibit is filed herewith.

Exhibit Number	Description
3.1	Certificate of Incorporation, as amended, of Willbros Group, Inc., a Delaware corporation (filed as Exhibit 4.1 to the Company’s Registration Statement on Form S-3, Registration No. 333-218413).
3.2	Amended and Restated Bylaws of Willbros Group, Inc., a Delaware corporation (filed as Exhibit 4.2 to the Company’s Registration Statement on Form S-3, Registration No. 333-218413).
10.1	Fifth Amendment to Loan, Security and Guaranty Agreement dated as of June 16, 2017, by and among the Company, certain subsidiaries of the Company named therein, as U.S. Borrowers, Willbros Construction Services (Canada) L.P., as Canadian Borrower, the other persons party thereto as lenders, and Bank of America, N.A., in its capacity as collateral agent and administrative agent (filed as Exhibit 10 to the Company’s current report on Form 8-K dated June 16, 2017, filed June 20, 2017).
10.2	Willbros Group, Inc. 2017 Stock and Incentive Compensation Plan (the “2017 Stock Plan”) (filed as Exhibit C to the Company’s Proxy Statement on Schedule 14A, filed April 27, 2017).
10.3	Form of Restricted Stock Award Agreement (time-based employees) under the 2017 Stock Plan (filed as Exhibit 10.1 to the Company’s current report on Form 8-K dated June 1, 2017, filed June 1, 2017).
10.4	Form of Restricted Stock Award Agreement (non-employee directors) under the 2017 Stock Plan (filed as Exhibit 10.2 to the Company’s current report on Form 8-K dated June 1, 2017, filed June 1, 2017).
10.5	Form of Restricted Stock Units Award Agreement (time-based employees) under the 2017 Stock Plan (filed as Exhibit 10.3 to the Company’s current report on Form 8-K dated June 1, 2017, filed June 1, 2017).
10.6	Form of Restricted Stock Units Award Agreement (performance-based employees) under the 2017 Stock Plan (filed as Exhibit 10.4 to the Company’s current report on Form 8-K dated June 1, 2017, filed June 1, 2017).
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document.

101.SCH XBRL Taxonomy Extension Schema Document.

101.CAL XBRL Taxonomy Extension Calculation Linkbase Document.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

	WILLBROS GROUP, INC.
Date: July 31, 2017	By: /s/ Van A. Welch
	Van A. Welch
	Executive Vice President and Chief Financial Officer
	(Principal Financial Officer and Principal Accounting Officer)

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