Willbros Group, Inc.\NEW\
Form 10-Q
May 06, 2014
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**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D. C. 20549**

**FORM 10-Q**

**(Mark One)**

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

**For the quarterly period ended March 31, 2014**

**OR**

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

**For the transition period from __________ to __________**

**Commission file number 1-34259**

**Willbros Group, Inc.**

**(Exact name of registrant as specified in its charter)**

| | |
|---|---|
| **Delaware** | **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 x 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 during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

| | | | |
|---|---|---|---|
| Large Accelerated Filer | ¨ | Accelerated Filer | x |
| Non-Accelerated Filer | ¨ | Smaller reporting company | ¨ |

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

The number of shares of the registrant s Common Stock, $.05 par value, outstanding as of May 1, 2014 was 50,044,524.

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**WILLBROS GROUP, INC.**

**FORM 10-Q**

**FOR QUARTER ENDED MARCH 31, 2014**

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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)**

| | March 31, 2014 | December 31, 2013 |
|---|---|---|
| **ASSETS** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 53,877 | $ 42,569 |
| Accounts receivable, net | 364,513 | 383,461 |
| Contract cost and recognized income not yet billed | 98,588 | 57,431 |
| Prepaid expenses and other assets | 29,091 | 25,008 |
| Parts and supplies inventories | 5,227 | 4,355 |
| Deferred income taxes | 19,024 | 10,323 |
| Assets associated with discontinued operations | 15,999 | 58,723 |
| Total current assets | 586,319 | 581,870 |
| Property, plant and equipment, net | 108,675 | 111,566 |
| Intangible assets, net | 139,410 | 143,139 |
| Other assets | 31,184 | 34,093 |
| Total assets | $ 865,588 | $ 870,668 |
| **LIABILITIES AND STOCKHOLDERS EQUITY** | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities | $ 271,171 | $ 259,060 |
| Contract billings in excess of cost and recognized income | 33,019 | 25,933 |
| Current portion of capital lease obligations | 845 | 890 |
| Notes payable and current portion of long-term debt | 6,335 | 6,505 |
| Current portion of settlement obligation of discontinued operations | 36,500 | 36,500 |
| Accrued income taxes | 6,364 | 10,022 |
| Liabilities associated with discontinued operations | 13,411 | 10,130 |
| Other current liabilities | 5,483 | 5,846 |
| Total current liabilities | 373,128 | 354,886 |
| Long-term debt | 245,749 | 268,425 |
| Capital lease obligations | 1,165 | 1,388 |
| Long-term liabilities for unrecognized tax benefits | 1,442 | 4,544 |
| Deferred income taxes | 20,958 | 9,066 |

| | | |
|---|---|---|
| Other long-term liabilities | 42,818 | 43,585 |
| Total liabilities | 685,260 | 681,894 |
| Contingencies and commitments (Note 10) | | |
| Stockholders equity: | | |
| Preferred stock, par value $.01 per share, 1,000,000 shares authorized, none issued | | |
| Common stock, par value $.05 per share, 70,000,000 shares authorized and 51,302,630 shares issued at March 31, 2014 (50,930,303 at December 31, 2013) | 2,557 | 2,543 |
| Capital in excess of par value | 693,011 | 691,123 |
| Accumulated deficit | (508,525) | (501,918) |
| Treasury stock at cost, 1,227,717 shares at March 31, 2014 (1,147,974 at December 31, 2013) | (12,963) | (12,070) |
| Accumulated other comprehensive income | 5,959 | 8,807 |
| Total Willbros Group, Inc. stockholders equity | 180,039 | 188,485 |
| Noncontrolling interest | 289 | 289 |
| Total stockholders equity | 180,328 | 188,774 |
| Total liabilities and stockholders equity | $ 865,588 | $ 870,668 |

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 March 31, 2014 | Three Months Ended March 31, 2013 |
|---|---|---|
| Contract revenue | $ 517,745 | $ 487,359 |
| Operating expenses: | | |
| Contract | 463,662 | 447,517 |
| Amortization of intangibles | 3,771 | 3,762 |
| General and administrative | 39,288 | 37,638 |
| | 506,721 | 488,917 |
| Operating income (loss) | 11,024 | (1,558) |
| Other income (expense): | | |
| Interest expense, net | (7,718) | (7,690) |
| Other, net | 39 | 231 |
| | (7,679) | (7,459) |
| Income (loss) from continuing operations before income taxes | 3,345 | (9,017) |
| Provision for income taxes | 3,335 | 2,612 |
| Income (loss) from continuing operations | 10 | (11,629) |
| Income (loss) from discontinued operations net of provision for income taxes | (6,617) | 15,821 |
| Net income (loss) | $ (6,607) | $ 4,192 |
| Basic income (loss) per share attributable to Company shareholders: | | |
| Income (loss) from continuing operations | $ | $ (0.24) |
| Income (loss) from discontinued operations | (0.14) | 0.33 |
| Net income (loss) | $ (0.14) | $ 0.09 |
| Diluted income (loss) per share attributable to Company shareholders: | | |
| Income (loss) from continuing operations | $ | $ (0.24) |
| Income (loss) from discontinued operations | (0.13) | 0.33 |
| Net income (loss) | $ (0.13) | $ 0.09 |

| | | |
|---|---|---|
| Weighted average number of common shares outstanding: | | |
| Basic | 48,847,349 | 48,307,330 |
| Diluted | 49,744,068 | 48,307,330 |

See accompanying notes to condensed consolidated financial statements.

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**WILLBROS GROUP, INC.**

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**

**(In thousands)**

**(Unaudited)**

| | Three Months Ended March 31, 2014 | Three Months Ended March 31, 2013 |
|---|---|---|
| Net income (loss) | $ (6,607) | $ 4,192 |
| Other comprehensive income (loss), net of tax | | |
| Foreign currency translation adjustments | (2,063) | (1,001) |
| Changes in derivative financial instruments | (785) | 228 |
| Total other comprehensive loss, net of tax | (2,848) | (773) |
| Total comprehensive income (loss) | $ (9,455) | $ 3,419 |

See accompanying notes to condensed consolidated financial statements.

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**WILLBROS GROUP, INC.**

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

**(In thousands)**

**(Unaudited)**

| | Three Months Ended March 31, | |
|---|---|---|
| | **2014** | **2013** |
| Cash flows from operating activities: | | |
| Net income (loss) | $ (6,607) | $ 4,192 |
| Adjustments to reconcile net loss to net cash provided by (used in) operating activities: | | |
| Loss (income) from discontinued operations | 6,617 | (15,821) |
| Depreciation and amortization | 9,941 | 11,070 |
| Stock-based compensation | 2,494 | 821 |
| Deferred income tax provision | 3,177 | 64 |
| Amortization of debt issuance costs | 156 | 1,354 |
| Non-cash interest expense | 302 | 758 |
| Gain on disposal of property and equipment | (1,242) | (1,100) |
| Provision for bad debts | 68 | 51 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable, net | 15,649 | (17,120) |
| Contract cost and recognized income not yet billed | (41,462) | 17,571 |
| Prepaid expenses and other assets | (4,135) | 13,167 |
| Accounts payable and accrued liabilities | 13,100 | (5,047) |
| Accrued income taxes | (3,407) | (3,554) |
| Contract billings in excess of cost and recognized income | 7,201 | (14,470) |
| Other assets and liabilities, net | (4,056) | (6,530) |
| Cash used in operating activities of continuing operations | (2,204) | (14,594) |
| Cash provided by (used in) operating activities of discontinued operations | 17,266 | (7,693) |
| Cash provided by (used in) operating activities | 15,062 | (22,287) |
| Cash flows from investing activities: | | |
| Proceeds from sales of property, plant and equipment | 1,742 | 798 |
| Proceeds from sale of subsidiary | 21,152 | 38,900 |
| Purchase of property, plant and equipment | (3,635) | (2,646) |
| Cash provided by investing activities of continuing operations | 19,259 | 37,052 |
| Cash used in investing activities of discontinued operations | | (235) |
| Cash provided by investing activities | 19,259 | 36,817 |
| Cash flows from financing activities: | | |
| Proceeds from revolver and notes payable | | 5,722 |

| | | |
|---|---|---|
| Payments on capital leases | (268) | (379) |
| Payments of revolver and notes payable | (19,097) | (59,413) |
| Payments on Term Loan Facility | (2,902) | |
| Payments to reacquire common stock | (893) | (454) |
| Cost of debt issuance | | (1,274) |
| Payments to noncontrolling interest owners | | (3,100) |
| Cash used in financing activities of continuing operations | (23,160) | (58,898) |
| Cash used in financing activities of discontinued operations | (71) | (86) |
| Cash used in financing activities | (23,231) | (58,984) |
| Effect of exchange rate changes on cash and cash equivalents | (823) | (228) |
| Net increase (decrease) in cash and cash equivalents | 10,267 | (44,682) |
| Cash and cash equivalents of continuing operations at beginning of period | 42,569 | 48,778 |
| Cash and cash equivalents of discontinued operations at beginning of period | 1,041 | 5,602 |
| Cash and cash equivalents at beginning of period | 43,610 | 54,380 |
| Cash and cash equivalents at end of period | 53,877 | 9,698 |
| Less: cash and cash equivalents of discontinued operations at end of period | | |
| Cash and cash equivalents of continuing operations at end of period | $ 53,877 | $ 9,698 |
| Supplemental disclosures of cash flow information: | | |
| Cash paid for interest (including discontinued operations) | $ 7,037 | $ 5,925 |
| Cash paid for income taxes (including discontinued operations) | $ 7,216 | $ 6,215 |

See accompanying notes to condensed consolidated financial statements.

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**WILLBROS GROUP, INC.**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**(Unaudited)**

## 1. The Company and Basis of Presentation

Willbros Group, Inc., a Delaware corporation, and its subsidiaries (the Company, Willbros or WGI ), is a specialty energy infrastructure contractor serving the oil, gas, refinery, petrochemical and power industries. The Company s offerings include engineering, procurement and construction (either individually or as an integrated EPC service offering), turnarounds, maintenance, facilities development and operations services. The Company s principal markets for continuing operations are the United States and Canada. The Company obtains its work through competitive bidding and through negotiations with prospective clients. Contract values range from several thousand dollars to several hundred million dollars and contract durations range from a few weeks to more than two years.

The accompanying Condensed Consolidated Balance Sheet as of December 31, 2013, which has been derived from audited consolidated financial statements, and the unaudited Condensed Consolidated Financial Statements as of March 31, 2014 and 2013, 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, 2013 audited Consolidated Financial Statements and notes thereto contained in the Company s Annual Report on Form 10-K for the year ended December 31, 2013.

In the opinion of management, the unaudited Condensed Consolidated Financial Statements reflect all adjustments necessary to fairly state the financial position as of March 31, 2014, 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 three months ended March 31, 2014 are not necessarily indicative of the operating results and cash flows to be achieved for the full year.

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 the carrying amount of property, plant and equipment, and parts and supplies inventories; quantification of amounts recorded for contingencies, tax accruals and certain other accrued liabilities; valuation allowances for accounts receivable and deferred income tax assets; and revenue recognition under the percentage-of-completion method of accounting, including estimates of progress toward completion and estimates of gross profit or loss accrual on contracts in progress. The Company bases its estimates on historical experience and other assumptions that it believes to be relevant under the circumstances. Actual results could differ from those estimates.

*Out-of-Period Adjustment* The Company recorded an out-of-period adjustment during the three months ended March 31, 2014 to correct an error in the state tax provision. The net impact of the adjustment was an increase to net income from continuing operations and a decrease to net loss of $0.5 million for the three months ended March 31, 2014. The Company does not believe the adjustment is material, individually or in the aggregate, to its unaudited Condensed Consolidated Financial Statements for the three months ended March 31, 2014, nor does it believe such items are material to any of its previously issued annual or quarterly financial statements, or its expected 2014 annual financial statements.

**2. New Accounting Pronouncements**

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

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

In April 2014, the FASB issued authoritative guidance to change the criteria for reporting discontinued operations. Under the new guidance, only disposals representing a strategic shift in a company's operations and financial results should be reported as discontinued operations, with expanded disclosures. In addition, disclosure of the pre-tax income attributable to a disposal of a significant part of an organization that does not qualify as a discontinued operation is required. This standard is effective for interim and annual periods beginning on or after December 15, 2014 and the Company is currently assessing the impact, if any, the guidance will have on its condensed consolidated financial statements.

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**WILLBROS GROUP, INC.**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**(Unaudited)**

### 3. Contracts in Progress

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

Contract cost and recognized income not yet billed and related amounts billed as of March 31, 2014 and December 31, 2013 was as follows (in thousands):

| | March 31, 2014 | December 31, 2013 |
|---|---|---|
| Cost incurred on contracts in progress | $ 957,242 | $ 718,143 |
| Recognized income | 166,970 | 163,615 |
| | 1,124,212 | 881,758 |
| Progress billings and advance payments | (1,058,643) | (850,260) |
| | $ 65,569 | $ 31,498 |
| Contract cost and recognized income not yet billed | $ 98,588 | $ 57,431 |
| Contract billings in excess of cost and recognized income | (33,019) | (25,933) |
| | $ 65,569 | $ 31,498 |

Contract cost and recognized income not yet billed includes $4.9 million and $5.1 million at March 31, 2014 and December 31, 2013, respectively, on completed contracts.

The balances billed but not paid by customers pursuant to retainage provisions in certain contracts will be due upon completion of the contracts and acceptance by the customer. Based on the Company s experience with similar contracts in recent years, the majority of the retention balances at each balance sheet date will be collected within the next twelve months. Retainage balances at March 31, 2014 and December 31, 2013, were approximately $45.3 million and $39.1 million, respectively, and are included in accounts receivable.

**4. Accounts Payable and Accrued Liabilities**

Accounts payable and accrued liabilities as of March 31, 2014 and December 31, 2013 were as follows (in thousands):

| | March 31 2014 | December 31, 2013 |
|---|---|---|
| Trade accounts payable | $ 118,661 | $ 109,131 |
| Payroll and payroll liabilities | 60,103 | 57,431 |
| Accrued contract costs | 41,519 | 43,059 |
| Self-insurance accrual | 15,194 | 14,785 |
| Other accrued liabilities | 35,694 | 34,654 |
| Total accounts payable and accrued liabilities | $ 271,171 | $ 259,060 |

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**WILLBROS GROUP, INC.**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**(Unaudited)**

## 5. Long-term Debt

Long-term debt as of March 31, 2014 and December 31, 2013 was as follows (in thousands):

| | March 31, 2014 | December 31, 2013 |
|---|---|---|
| 2013 Term Loan Facility, net of unamortized discount of $8,003 and $8,306 | $ 238,470 | $ 241,069 |
| Revolver borrowings under the 2013 ABL Credit Facility | | 18,953 |
| Capital lease obligations | 2,010 | 2,278 |
| Other obligations | 13,614 | 14,908 |
| Total debt | 254,094 | 277,208 |
| Less: current portion | (7,180) | (7,395) |
| Long-term debt, net | $ 246,914 | $ 269,813 |

***2013 Credit Facilities***

On August 7, 2013 the Company entered into a five-year $150.0 million 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 (the ABL Credit Facility ), and a six-year $250.0 million term loan facility maturing on August 7, 2019 with JP Morgan Chase Bank, N.A. serving as a sole administrative agent for the lenders thereunder (the 2013 Term Loan Facility and, together with the ABL Credit Facility, the 2013 Credit Facilities ).

*ABL Credit Facility*

The initial aggregate amount of commitments for the ABL Credit Facility is comprised of $125.0 million for the U.S. facility (the U.S. Facility ) and $25.0 million for the Canadian facility (the Canadian Facility ). The ABL Credit Facility includes a sublimit of $100.0 million for letters of credit and an accordion feature permitting the borrowers, under certain conditions, to increase the aggregate amount by an incremental $75.0 million, with additional commitments from existing lenders or new commitments from lenders reasonably acceptable to the administrative agent. The borrowers under the U.S. Facility consist of all of the Company s U.S. operating subsidiaries with assets included in the borrowing base and 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 Facility are limited to a borrowing base consisting of the sum of 85 percent of the value of  eligible accounts  and 60 percent of the value of  eligible unbilled accounts  less applicable reserves, which the administrative agent may establish from time to time in its permitted discretion. Eligible unbilled accounts may not exceed $50.0 million in the aggregate. Advances in U.S. dollars will initially bear interest at a rate equal to LIBOR plus 250 basis points or the U.S. or Canadian base rate plus 150 basis points. Advances in Canadian dollars will initially bear interest at the Bankers Acceptance ( BA ) Equivalent Rate plus 250 basis points or the Canadian prime rate plus 150 basis points.

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

**WILLBROS GROUP, INC.**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**(Unaudited)**

**5. Long Term Debt (continued)**

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

*2013 Term Loan Facility*

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

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

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

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

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**WILLBROS GROUP, INC.**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**(Unaudited)**

**5. Long Term Debt (continued)**

The table below sets forth the primary financial covenants included in the 2013 Credit Facilities and the calculation with respect to these covenants at March 31, 2014:

| | Covenants Requirements | Actual Ratios at March 31, 2014 |
|---|---|---|
| Maximum Total Leverage Ratio[1] under the 2013 Term Loan Facility (the ratio of Consolidated Debt to Consolidated EBITDA as defined in the credit agreement for the 2013 Term Loan Facility) should be equal to or less than: | 3.50 to 1 | 2.38 |
| Minimum Interest Coverage Ratio under the 2013 Term Loan Facility (the ratio of Consolidated EBITDA to Consolidated Interest Expense as defined in the credit agreement for the 2013 Term Loan Facility) should be equal to or greater than: | 3.50 to 1 | 3.92 |
| Minimum Fixed Charge Coverage Ratio[2] under the ABL Credit Facility (the ratio of Consolidated EBITDA less Capital Expenditures and cash income taxes to Consolidated Interest Expense, Restricted Payments made in cash and scheduled cash principal payments made on borrowed money as defined in the credit agreement for the ABL Credit Facility) should be equal to or greater than: | 1.15 to 1 | N/A |

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

(2) The Minimum Fixed Charge Coverage Ratio is applicable only if excess availability under the ABL Credit Facility is less than the greater of 15 percent of the commitments or $22.5 million. In addition, prepayments of indebtedness under the 2013 Term Loan Facility are permitted if excess availability under the ABL Credit

Facility exceeds the greater of 20 percent of the commitments and $30.0 million and the borrowers and guarantors are in compliance with the Minimum Fixed Charge Coverage Ratio on a pro forma basis immediately prior to and giving effect to the prepayment. Prepayments of indebtedness under the 2013 Term Loan Facility are permitted without restriction to the extent such prepayments are from the proceeds of dispositions of the Term Loan Priority Collateral.

Depending on its financial performance, the Company may be required to request amendments, or waivers for the primary covenants, dispose of assets, reduce overhead, or obtain refinancing in future periods. There can be no assurance that the Company will be able to obtain amendments or waivers, complete asset sales, reduce sufficient amounts of overhead or negotiate agreeable refinancing terms should it become needed.

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

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

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

As of March 31, 2014, the Company was in compliance with all covenants under the 2013 Credit Facilities.

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**WILLBROS GROUP, INC.**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**(Unaudited)**

### 5. Long Term Debt (continued)

The Company s primary sources of capital are its cash on hand, operating cash flows and borrowings under the ABL Credit Facility. As of March 31, 2014, the Company had no outstanding revolver borrowings and $72.9 million in outstanding letters of credit. The Company s borrowing base in effect at March 31, 2014 allowed a maximum borrowing, including outstanding letters of credit, of approximately $143.7 million. The Company s unused availability under the ABL Credit Facility at March 31, 2014 was $70.8 million. If the Company s unused availability under the ABL Credit Facility is less than the greater of (i) 15 percent of the revolving commitments or $22.5 million for five consecutive days, or (ii) 12.5 percent of the revolving commitments or $18.8 million at any time, or upon the occurrence of certain events of default under the ABL Credit Facility, 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 ABL Credit Facility.

***Fair Value of Debt***

The estimated fair value of the Company s debt instruments as of March 31, 2014 and December 31, 2013 was as follows (in thousands):

| | March 31, 2014 | December 31, 2013 |
|---|---|---|
| 2013 Term Loan Facility | $ 249,432 | $ 252,372 |
| Revolver borrowings under the 2013 ABL Credit Facility | | 18,953 |
| Capital lease obligations | 2,010 | 2,278 |
| Other obligations | 13,614 | 14,908 |
| Total fair value of debt instruments | $ 265,056 | $ 288,511 |

The 2013 Term Loan Facility, revolver borrowings under the 2013 ABL Credit Facility, capital lease obligations and other obligations are classified within Level 2 of the fair value hierarchy. The fair value of the 2013 Term Loan Facility has been estimated using discounted cash flow analyses based on the Company s incremental borrowing rate for similar borrowing arrangements. A significant increase or decrease in the inputs could result in a directionally opposite change in the fair value of the 2013 Term Loan Facility.

**6. Income Taxes**

The effective tax rate on continuing operations was 99.7 percent and a negative 28.97 percent for the three months ended March 31, 2014 and March 31, 2013, respectively. Tax benefit for discrete items for the three months ended March 31, 2014 was $0.2 million, which is primarily related to interest on uncertain tax positions and for Texas Margins Tax refund. The Company has not recorded the benefit of current year losses in the U.S. As of March 31, 2014, U.S. federal and state deferred tax assets continue to be covered by valuation allowances. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income. The Company considers the impacts of reversing taxable temporary differences, future forecasted income and available tax planning strategies, when forecasting future taxable income and in evaluating whether deferred tax assets are more likely than not to be realized.

In April 2011, the Company discontinued its strategy of reinvesting foreign earnings in foreign operations. This change in strategy continues through the first quarter of 2014. The Company does not anticipate recording tax expense related to future repatriations of foreign earnings in the U.S.

The Company expects that the statute of limitations will expire on an uncertain tax position within the next twelve months. Assuming that the statute of limitations expires, the Company would release reserves in the amount of $1.3 million.

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**WILLBROS GROUP, INC.**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**(Unaudited)**

**7. Stockholders Equity**

***Changes in Accumulated Other Comprehensive Income by Component***

| | Three Months Ended March 31, 2014 (in thousands) | | |
|---|---|---|---|
| | Foreign currency translation adjustments | Changes in derivative financial instruments | Total accumulated comprehensive income |
| Balance December 31, 2013 | $ 11,280 | $ (2,473) | $ 8,807 |
| Other comprehensive loss before reclassifications | (2,063) | (1,034) | (3,097) |
| Amounts reclassified from accumulated other comprehensive income | | 249 | 249 |
| Net current-period other comprehensive loss | (2,063) | (785) | (2,848) |
| Balance March 31, 2014 | $ 9,217 | $ (3,258) | $ 5,959 |

| | Three Months Ended March 31, 2013 (in thousands) | | |
|---|---|---|---|
| | Foreign currency translation adjustments | Changes in derivative financial instruments | Total accumulated comprehensive income |
| Balance December 31, 2012 | $ 14,945 | $ (1,441) | $ 13,504 |
| Other comprehensive loss before reclassifications | (1,133) | (27) | (1,160) |
| Amounts reclassified from accumulated other comprehensive income | 132 | 255 | 387 |
| Net current-period other comprehensive income (loss) | (1,001) | 228 | (773) |

| | | | |
|---|---|---|---|
| Balance March 31, 2013 | $ 13,944 | $ (1,213) | $ 12,731 |

***Reclassifications out of Accumulated Other Comprehensive Income***

**Three Months Ended March 31, 2014 (in thousands)**

| Details about Accumulated Other Comprehensive Income Components | Amount Reclassified from Accumulated Other Comprehensive Income | Details about Accumulated Other Comprehensive Income Components |
|---|---|---|
| Interest rate contracts | $ 249 | Interest expense, net |
| Total | $ 249 | |

**Three Months Ended March 31, 2013 (in thousands)**

| Details about Accumulated Other Comprehensive Income Components | Amount Reclassified from Accumulated Other Comprehensive Income | Details about Accumulated Other Comprehensive Income Components |
|---|---|---|
| Interest rate contracts | $ 255 | Interest expense, net |
| Total | $ 255 | |

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**WILLBROS GROUP, INC.**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**(Unaudited)**

## 8. 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 RSUs 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 March 31, 2014 | Three Months Ended March 31, 2013 |
|---|---|---|
| Net income (loss) from continuing operations applicable to common shares (numerator for basic & diluted calculation) | $ 10 | $ (11,629) |
| Weighted average number of common shares outstanding for basic income (loss) per share | 48,847,349 | 48,307,330 |
| Weighted average number of potentially dilutive common shares outstanding | 896,719 | |
| Weighted average number of common shares outstanding for diluted income (loss) per share | 49,744,068 | 48,307,330 |
| Income (loss) per common share from continuing operations: | | |
| Basic | $ | $ (0.24) |
| Diluted | $ | $ (0.24) |

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

**Three Months**

| | Ended March 31, | |
|---|---|---|
| | 2014 | 2013 |
| Stock options | 177,750 | 227,750 |
| Restricted stock and restricted stock rights | | 529,150 |
| | 177,750 | 756,900 |

**9. Segment Information**

The Company s segments are comprised of strategic businesses that are defined by the industries or geographic regions they serve. Each is managed as an operation with well-established strategic directions and performance requirements.

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

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**WILLBROS GROUP, INC.**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**(Unaudited)**

**9. Segment Information (continued)**

The following tables reflect the Company s operations by reportable segment for the three months ended March 31, 2014 and 2013 (in thousands):

| | Three Months Ended March 31, 2014 | | | | | |
|---|---|---|---|---|---|---|
| | *Oil & Gas* | *Utility T&D* | *Professional Services* | *Canada* | *Eliminations* | *Consolidated* |
| Contract revenue | $ 218,415 | $ 96,333 | $ 87,425 | $ 117,079 | $ (1,507) | $ 517,745 |
| Operating expenses | 221,971 | 96,564 | 85,187 | 104,506 | (1,507) | 506,721 |
| Operating income (loss) | $ (3,556) | $ (231) | $ 2,238 | $ 12,573 | $ | 11,024 |
| Other expense | | | | | | (7,679) |
| Provision for income taxes | | | | | | 3,335 |
| Income from continuing operations | | | | | | 10 |
| Loss from discontinued operations net of provision for income taxes | | | | | | (6,617) |
| Net loss | | | | | | $ (6,607) |

| | Three Months Ended March 31, 2013 | | | | | |
|---|---|---|---|---|---|---|
| | *Oil & Gas* | *Utility T&D* | *Professional Services* | *Canada* | *Eliminations* | *Consolidated* |
| Contract revenue | $ 184,984 | $ 113,204 | $ 78,465 | $ 111,995 | $ (1,289) | $ 487,359 |
| Operating expenses | 199,555 | 111,311 | 77,852 | 101,488 | (1,289) | 488,917 |
| Operating income (loss) | $ (14,571) | $ 1,893 | $ 613 | $ 10,507 | $ | (1,558) |
| Other expense | | | | | | (7,459) |
| Provision for income taxes | | | | | | 2,612 |
| Loss from continuing operations | | | | | | (11,629) |
| Income from discontinued operations net of provision for income taxes | | | | | | 15,821 |

| | |
|---|---|
| Net income | $ 4,192 |

Total assets by segment as of March 31, 2014 and December 31, 2013 are presented below (in thousands):

| | March 31, 2014 | December 31, 2013 |
|---|---|---|
| *Oil & Gas* | $ 259,261 | $ 278,115 |
| *Utility T&D* | 264,028 | 260,867 |
| *Professional Services* | 97,698 | 91,677 |
| *Canada* | 144,586 | 123,838 |
| Corporate | 84,016 | 57,448 |
| Total assets, continuing operations | $ 849,589 | $ 811,945 |

**10. Contingencies, Commitments and Other Circumstances**

***Contingencies***

*Central Maine Power*

On January 20, 2014, the Company settled a lawsuit against Central Maine Power Company ( CMP ) in connection with an existing project to install transmission lines and perform construction services for CMP, for the project generally known as the Transmission Line Construction of the Southern Loop and Southern Connector portion of the Maine Power Reliability Program (the MPRP Project ). Under terms of the settlement, CMP made a payment to the Company in the first quarter of 2014 of $20.1 million, which consisted of $17.0 million in settlement proceeds and $3.1 million as an early payment of retention. The impact on the operating results of the settlement was recognized in the fourth quarter of 2013 and had no impact on the operating results of the first quarter of 2014. In addition, CMP extended the schedule and provided other relief on the remainder of the MPRP Project. The Company continues to perform the MPRP Project which has an expected completion date in the third quarter of 2014.

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WILLBROS GROUP, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

**10. Contingencies, Commitments and Other Circumstances (continued)**

*Other*

In addition to the matters discussed above and in Note 12 Discontinued Operations, 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 condensed 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 with regard to the Company s performance of contracted services. In such cases, the commitments can be called upon in the event of 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 withholds a percentage of the contract value until project completion or expiration of a warranty period. Retention commitments can be called upon in the event of warranty or project completion issues, as prescribed in the contracts. At March 31, 2014, the Company had approximately $72.9 million of outstanding letters of credit, all of which related to continuing operations. 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 customarily required by commercial terms on construction projects. At March 31, 2014, the Company had bonds outstanding, primarily performance bonds, with a face value at $643.4 million related to continuing operations. 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 contract is accepted by the owner. 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 March 31, 2014, 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 consolidated financial statements.

**11. 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 during the three months ended March 31, 2014.

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

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**WILLBROS GROUP, INC.**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**(Unaudited)**

**11. Fair Value Measurements (continued)**

*Financial Instruments Measured at Fair Value on a Recurring Basis*

The Company measures certain financial instruments at fair value on a recurring basis. The fair value of these financial instruments (in thousands) was determined using the following inputs as of March 31, 2014 and December 31, 2013:

| | | **March 31, 2014** | | |
|---|---|---|---|---|
| | Total | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Other Unobservable Inputs (Level 3) |
| Liabilities: | | | | |
| Interest rate swaps | $ 3,258 | $ | $ 3,258 | $ |

| | | **December 31, 2013** | | |
|---|---|---|---|---|
| | Total | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Other Unobservable Inputs (Level 3) |
| Liabilities: | | | | |
| Interest rate swaps | $ 2,473 | $ | $ 2,473 | $ |

*Hedging Arrangements*

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 derivative financial instruments to hedge currency risk at March 31, 2014 or December 31, 2013.

*Interest Rate Swaps*

The Company is subject to hedging arrangements to fix or otherwise limit the interest cost of its variable interest rate borrowings. 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. The Company does not engage in speculative trading strategies.

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

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

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**WILLBROS GROUP, INC.**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**(Unaudited)**

**11. Fair Value Measurements (continued)**

addition, on August 7, 2013, each swap agreement was transferred to another party through a novation transaction, which increased the Company s interest rate to 2.70 percent through June 30, 2014. Changes in the value of the swaps that remain open are reported in earnings and were immaterial for the three months ended March 31, 2014.

The carrying amount and fair value of these swap agreements are equivalent since the Company accounts for these instruments at fair value. The values, as identified below (in thousands), are derived from pricing models using inputs based upon market information, including contractual terms, market prices and yield curves. The inputs to the valuation pricing models are observable in the market, and as such are generally classified as Level 2 in the fair value hierarchy. For validation purposes, the swap valuations are periodically compared to those produced by swap counterparties. Amounts of OCI relating to the interest rate swaps expected to be recognized in interest expense in the coming twelve months totaled $1.7 million.

| | Liability Derivatives | | | |
|---|---|---|---|---|
| | March 31, 2014 | | December 31, 2013 | |
| | Balance Sheet Location | Fair Value | Balance Sheet Location | Fair Value |
| Interest rate contracts- swaps | Other current liabilities | $ 1,650 | Other current liabilities | $ 1,505 |
| Interest rate contracts- swaps | Other long-term liabilities | 1,608 | Other long-term liabilities | 968 |
| Total derivatives | | $ 3,258 | | $ 2,473 |

| Derivatives in ASC 815 Cash Flow Hedging Relationships | For the Three Months Ended March 31, Amount of Loss Recognized in OCI on Derivative (Effective Portion) | | Location of Gain or (Loss) Reclassified from Accumulated OCI into Income (Effective Portion) | Amount of Gain Reclassified from Accumulated OCI into Income (Effective Portion) | |
|---|---|---|---|---|---|
| | 2014 | 2013 | | 2014 | 2013 |
| Interest rate contracts | $ (1,034) | $ (27) | Interest expense, net | $ 249 | $ 255 |

| | | | | |
|---|---|---|---|---|
| Total | $ (1,034) | $ (27) | $ 249 | $ 255 |

**12. Discontinued Operations**

**Asset Disposals**

*Hawkeye*

In the fourth quarter of 2013, the Company sold certain assets comprising the Hawkeye business to Elecnor Hawkeye, LLC, a subsidiary of Elecnor, Inc. ( Elecnor ). In connection with the sale, the Company recorded total consideration of $27.7 million, subject to a post-closing working capital adjustment. At the closing, Elecnor delivered two letters of credit, one to the Company for $16.2 million and the other to the escrow agent for $8.0 million. The Company recognized a net loss on sale in the fourth quarter of 2013 of $2.7 million and the disposition had no impact on the operating results in the first quarter of 2014.

In the first quarter of 2014, the Company received $21.2 million in cash consisting of full payment against the $16.2 million letter of credit and $5.0 million of the $8.0 million in escrow. The Company expects to receive the remaining $6.5 million in proceeds, once the post-closing working capital adjustment is finalized.

**Former Nigeria-Based Operations**

*Litigation and Settlement*

On March 29, 2012, the Company and Willbros Global Holdings, Inc., formerly known as Willbros Group, Inc., a Panama corporation ( WGHI ), which is now a subsidiary of the Company, entered into a settlement agreement (the Settlement Agreement ) with WAPCo to settle a lawsuit filed against WGHI by WAPCo in 2010 under English law in the London High Court in which WAPCo was seeking $273.7 million plus costs and interest. The lawsuit was based upon a parent company guarantee issued by WGHI to WAPCo in connection with a Nigerian project undertaken by a WGHI subsidiary that was later sold to a third party. WAPCo alleged that the third party defaulted in the performance of the project and thereafter brought the lawsuit against WGHI under the parent company guarantee for its claimed losses.

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**WILLBROS GROUP, INC.**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**(Unaudited)**

## 12. Discontinued Operations (continued)

The Settlement Agreement provides that WGHI must make payments to WAPCo totaling $55.5 million of which $14.0 million was paid in 2012 and $5.0 million was paid in 2013. Of the remaining $36.5 million due to WAPCo, $3.8 million is due at the end of the second quarter of 2014 and $32.7 million is due at the end of the fourth quarter of 2014.

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

The Company currently has no employees working in Nigeria and does not intend to return to Nigeria.

**Results of Discontinued Operations**

Condensed Statements of Operations with respect to discontinued operations are as follows (in thousands):

| | Three Months Ended March 31, 2014 | | | | |
|---|---|---|---|---|---|
| | Canada | Hawkeye | Oman | WAPCo / Other | Total |
| Contract revenue | $ | $ 6,080 | $ | $ | $ 6,080 |
| Operating loss | | (6,499) | | | (6,499) |
| Pre-tax loss | | (6,617) | | | (6,617) |
| Provision for taxes | | | | | |
| Net loss | | (6,617) | | | (6,617) |

| | Three Months Ended March 31, 2013 | | | | |
|---|---|---|---|---|---|
| | Canada | Hawkeye | Oman | WAPCo / Other | Total |
| Contract revenue | $ | $ 21,436 | $ | $ | $ 21,436 |
| Operating income (loss) | (11) | (7,908) | 23,639 | (118) | 15,602 |
| Pre-tax income (loss) | (11) | (7,814) | 23,639 | 7 | 15,821 |
| Provision for taxes | | | | | |
| Net income (loss) | (11) | (7,814) | 23,639 | 7 | 15,821 |

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**WILLBROS GROUP, INC.**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**(Unaudited)**

## 12. Discontinued Operations (continued)

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

| | March 31, 2014 | | |
|---|---|---|---|
| | Hawkeye | WAPCo | Total |
| Accounts receivable, net | $ 13,032 | $ | $ 13,032 |
| Contract cost and recognized income not yet billed | 66 | | 66 |
| Property, plant and equipment, net | 1,195 | | 1,195 |
| Intangible assets, net | | | |
| Other | 1,706 | | 1,706 |
| Total assets | 15,999 | | 15,999 |
| Accounts payable and accrued liabilities | $ 13,112 | $ | $ 13,112 |
| Contract billings in excess of cost | 192 | | 192 |
| Settlement obligations | | 36,500 | 36,500 |
| Other | 107 | | 107 |
| Total liabilities | 13,411 | 36,500 | 49,911 |
| Net assets (liabilities) of discontinued operations | 2,588 | (36,500) | (33,912) |

| | December 31, 2013 | | |
|---|---|---|---|
| | Hawkeye | WAPCo | Total |
| Cash and cash equivalents | $ 1,041 | $ | $ 1,041 |
| Accounts receivable, net | 36,404 | | 36,404 |
| Contract cost and recognized income not yet billed | 18,379 | | 18,379 |
| Property, plant and equipment, net | 1,195 | | 1,195 |
| Intangible assets, net | | | |
| Other | 1,704 | | 1,704 |
| Total assets | 58,723 | | 58,723 |
| Accounts payable and accrued liabilities | $ 9,952 | $ | $ 9,952 |
| Settlement obligations | | 36,500 | 36,500 |
| Other | 178 | | 178 |
| Total liabilities | 10,130 | 36,500 | 46,630 |

| | | | |
|---|---|---|---|
| Net assets (liabilities) of discontinued operations | 48,593 | (36,500) | 12,093 |

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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 months ended March 31, 2014 and 2013, 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, 2013.

## OVERVIEW

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

### First Quarter of 2014

In the first quarter of 2014, we reported contract revenue from continuing operations of $517.7 million, an increase of approximately $30.4 million from the first quarter of 2013. The revenue increase was primarily attributed to our *Oil & Gas* segment, which reported an increase of $33.4 million. Contract revenue was also up in our *Professional Services* and *Canada* segments. Our *Utility T&D* segment reported a $16.9 million reduction in contract revenue. Our operating income of $11.0 million during the first quarter of 2014 was an increase of $12.6 million from an operating loss of $1.6 million in the first quarter last year. First quarter of 2014 results reflect improved operating results over the same period in 2013 in the *Oil & Gas*, *Professional Services* and *Canada* segments. These results were negatively impacted by losses in our *Utility T&D* segment related to lower activity in our transmission construction services and adverse weather.

Our *Oil & Gas* segment reported an increase of $33.4 million in contract revenue from the first quarter of 2013 primarily driven by higher revenue in our cross-country pipeline construction services, which benefited from higher utilization of resources. The segment reported an $11.0 million decrease in operating loss for the quarter, mainly through improved operating results in its regional delivery services. Despite an overall improvement which included positive results in the northeast, our regional delivery services generated losses in the northern plains and the southwest due to adverse weather and under-absorption of indirect costs, associated with lower than planned revenue levels. Underutilization in our downstream construction and maintenance services also negatively impacted operating results for the segment during the quarter. These losses were primarily within our union refinery maintenance turnaround service line and related fabrication facility, which we sold in April 2014. We continue to expect strong performance for the segment, driven by its profitable cross-country pipeline construction services as well as continued improvement within its regional delivery services.

Contract revenue of $96.3 million generated by our *Utility T&D* segment was less than the $113.2 million generated in the first quarter of last year. As this segment transitions to a more balanced customer base and replaces Texas Competitive Renewable Energy Zone ( CREZ ) backlog, we expect to see margin improvement on an initially lower revenue run rate. The first quarter operating loss of $0.2 million resulted from lower contract revenue and the impact of adverse winter weather across all segment operations.

Our *Canada* segment reported contract revenue of $117.1 million, up $5.1 million from the same period last year. Operating income of $12.6 million was an improvement of 19.7 percent over first quarter 2013 results. *Canada* continues to benefit from its focus on the oil sands mining and in-situ markets and the process-focused leadership team.

Our *Professional Services* segment increased contract revenue by 11.4 percent over the first quarter of 2013, to $87.4 million. *Professional Services* also reported a significant improvement in operating margin, generating $2.2 million in operating income versus $0.6 million in the first quarter of 2013. We expect the investments made in new offices and technology in 2013 to continue to drive improved performance relative to last year in this segment throughout 2014.

**Looking Forward**

We expect increased opportunities for our *Professional Services*, *Oil & Gas*, *Utility T&D* and *Canada* segments. We continue to focus on driving the process-oriented culture change which has positively impacted safety performance over the last two years and operating results over the last four quarters. This focus on risk identification and mitigation and on lines of service which are underperforming, with the objective of generating improved operating results, cash flow and margins, will continue to be the focus of management actions throughout 2014. We will continue to take actions to remediate or exit lines of service which are not performing to expectations and focus on expansion of services which contribute superior risk adjusted margins and demonstrate growth potential in all of our segments.

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

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

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

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

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

| | Three Months Ended | |
|---|---|---|
| | **March 31, 2014** | **March 31, 2013** |
| Income (loss) from continuing operations | $ 10 | $ (11,629) |
| Interest expense, net | 7,718 | 7,690 |
| Provision for income taxes | 3,335 | 2,612 |
| Depreciation and amortization | 9,941 | 11,070 |
| Stock based compensation | 2,494 | 821 |
| Restructuring and reorganization costs | 220 | 96 |
| Gain on disposal of property and equipment | (1,242) | (1,100) |

| | | |
|---|---|---|
| Adjusted EBITDA from continuing operations | $ 22,476 | $ 9,560 |

*Backlog*

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

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

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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. We also include in backlog our share of work to be performed under contracts signed by joint ventures in which we have an ownership interest.

The following tables (in thousands) show our backlog from continuing operations by operating segment and geographic location as of March 31, 2014 and December 31, 2013:

| | March 31, 2014 | | | | December 31, 2013 | | | |
|---|---|---|---|---|---|---|---|---|
| | 12 Month | Percent | Total | Percent | 12 Month | Percent | Total | Percent |
| *Oil & Gas* | $ 384,028 | 35.2% | $ 390,828 | 20.3% | $ 413,699 | 38.1% | $ 414,749 | 20.6% |
| *Utility T&D* | 320,440 | 29.4% | 990,004 | 51.5% | 298,202 | 27.5% | 978,535 | 48.5% |
| *Professional Services* | 187,122 | 17.1% | 256,594 | 13.3% | 194,283 | 17.9% | 256,981 | 12.7% |
| *Canada* | 199,782 | 18.3% | 285,364 | 14.9% | 179,175 | 16.5% | 365,946 | 18.2% |
| Total Backlog | $ 1,091,372 | 100.0% | $ 1,922,790 | 100.0% | $ 1,085,359 | 100.0% | $ 2,016,211 | 100.0% |

| | March 31, 2014 | | December 31, 2013 | |
|---|---|---|---|---|
| | Total | Percent | Total | Percent |
| **Total Backlog by Geographic Region** | | | | |
| United States | $ 1,633,427 | 85.0% | $ 1,645,769 | 81.6% |
| Canada | 285,364 | 14.8% | 365,946 | 18.2% |
| Other International | 3,999 | 0.2% | 4,496 | 0.2% |
| Backlog | $ 1,922,790 | 100.0% | $ 2,016,211 | 100.0% |

## CRITICAL ACCOUNTING POLICIES AND ESTIMATES

In our Annual Report on Form 10-K for the year ended December 31, 2013, we identified and disclosed our significant accounting policies. Subsequent to December 31, 2013, there has been no change to our significant accounting policies.

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## RESULTS OF OPERATIONS

***Three Months Ended March 31, 2014 Compared to Three Months Ended March 31, 2013***

***(in thousands)***

| | Q1 2014 | Q1 2013 | Change |
|---|---|---|---|
| Contract revenue | | | |
| *Oil & Gas* | $ 218,415 | $ 184,984 | $ 33,431 |
| *Utility T&D* | 96,333 | 113,204 | (16,871) |
| *Professional Services* | 87,425 | 78,465 | 8,960 |
| *Canada* | 117,079 | 111,995 | 5,084 |
| Eliminations | (1,507) | (1,289) | (218) |
| *Total* | 517,745 | 487,359 | 30,386 |
| General and administrative | 39,288 | 37,638 | 1,650 |
| Operating income (loss) | | | |
| *Oil & Gas* | (3,556) | (14,571) | 11,015 |
| *Utility T&D* | (231) | 1,893 | (2,124) |
| *Professional Services* | 2,238 | 613 | 1,625 |
| *Canada* | 12,573 | 10,507 | 2,066 |
| *Total* | 11,024 | (1,558) | 12,582 |
| Other expense | (7,679) | (7,459) | (220) |
| Income (loss) from continuing operations before income taxes | 3,345 | (9,017) | 12,362 |
| Provision for income taxes | 3,335 | 2,612 | 723 |
| Income (loss) from continuing operations | 10 | (11,629) | 11,639 |
| Income (loss) from discontinued operations net of provision for income taxes | (6,617) | 15,821 | (22,438) |
| Net income (loss) | $ (6,607) | $ 4,192 | $ (10,799) |

### Consolidated Results

*Contract Revenue*

Contract revenue increased $30.4 million in the first quarter of 2014 as compared to the first quarter of 2013, primarily related to better utilization within our *Oil & Gas* segment and increased work within our *Professional Services* segment. This increase was partially offset by a reduction in activity in our electric transmission construction services within our *Utility T&D* segment primarily due to the completion of the remaining Texas CREZ transmission construction projects in 2013.

*General and Administrative Expenses*

General and administrative expenses increased $1.7 million from the first quarter of 2013 mainly due to increased support costs related to higher business volumes. General and administrative expense as a percentage of contract revenue was 7.6 percent in the first quarter of 2014 and 7.7 percent in the first quarter of 2013.

*Operating Income (Loss)*

Operating income increased $12.6 million in the first quarter of 2014 as compared to the first quarter of 2013, primarily related to improved performance in our regional delivery services within our *Oil & Gas* segment, whose prior period losses were the result of ineffective project management and execution.

*Other Expense*

Other expense primarily consists of interest expense on our credit facilities and increased 2.9 percent quarter-over quarter. This increase was partially due to higher interest rates on our debt during the first quarter of 2014 as compared to the same period last year.

*Provision for Income Taxes*

Provision for income taxes increased $0.7 million driven primarily by increased income in our *Canada* segment. We have not recorded the benefit of current year losses in the U.S. As of March 31, 2014, U.S. federal and state deferred tax assets continue to be covered by valuation allowances.

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*Income from Discontinued Operations, Net of Taxes*

Income from discontinued operations decreased $22.4 million primarily related to the 2013 gain on the sale of Willbros Middle East Limited of $23.6 million, which held our operations in Oman, as well as continued losses attributed to the Maine Power Reliability Program project.

**Segment Results**

*Oil & Gas Segment*

Contract revenue increased $33.4 million in the first quarter of 2014 primarily related to higher utilization in our cross-country pipeline and facilities construction services. This increase was partially offset by lower utilization in our regional delivery services.

Operating loss decreased $11.0 million in the first quarter of 2014 primarily related to improved performance in our regional delivery services.

*Utility T&D Segment*

Contract revenue decreased 14.9 percent to $96.3 million in 2014 primarily related to the successful completion of our Texas CREZ projects in 2013. We are successfully transitioning to broader market opportunities in the geographic areas adjacent to Texas and extending across the South to our operations on the Atlantic seaboard.

Operating income decreased $2.1 million in the first quarter of 2014 primarily related to lower productivity in our transmission and distribution services which was mainly the result of unusually harsh weather.

*Professional Services Segment*

Contract revenue increased by $9.0 million or 11.4 percent. The increase from prior year is a result of increased demand for our integrity field services as well as engineering service offerings. This increase was partially offset by decreased government services contract activity as large capital projects were completed and moved into the maintenance phase as compared to the first quarter of 2013.

Operating income increased $1.6 million. The increase is due to strong operational performance on existing and new contract activity in the upstream engineering market as compared to the first quarter of 2013.

*Canada Segment*

Contract revenue increased $5.1 million for the quarter primarily attributed to the continued large volume of work on several significant specialty pipeline construction projects and maintenance projects on behalf of our customers in northern Alberta.

Operating income increased $2.1 million for the quarter primarily attributed to improved margins in our specialty pipeline construction and integrity services and on our maintenance and infrastructure replacement construction projects in Northern Alberta.

**LIQUIDITY AND CAPITAL RESOURCES**

**Additional Sources and Uses of Capital**

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

*ABL Credit Facility*

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

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

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

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

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

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

*2013 Term Loan Facility*

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

The term loans are repayable in equal quarterly installments in an aggregate amount equal to 0.25 percent of the original amount of the 2013 Term Loan Facility. The balance of the 2013 Term Loan Facility is repayable on August 7, 2019. We are permitted to make optional prepayments at any time, subject to a variable prepayment premium if the prepayment is made prior to August 6, 2016. Mandatory prepayments of term loans are required from

(i) 100 percent of the proceeds of the sale of assets constituting Term Loan Priority Collateral, subject to reinvestment provisions and certain exceptions and thresholds, (ii) 100 percent of the net cash proceeds from issuances of debt by us and our subsidiaries, other than permitted indebtedness and (iii) 75 percent (with step-downs to 50 percent and 0 percent based on a leverage ratio) of annual excess cash flow provided that any voluntary prepayments of term loans will be credited against excess cash flow obligations. Mandatory prepayments of excess cash flow are payable within five business days after annual financial statements are delivered to the administrative agent beginning with the fiscal year ending December 31, 2014.

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

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

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*Covenants*

The table below sets forth the primary financial covenants included in the 2013 Credit Facilities and the calculation with respect to these covenants at March 31, 2014:

| | Covenants Requirements | Actual Ratios at March 31, 2014 |
|---|---|---|
| Maximum Total Leverage Ratio[(1)] under the 2013 Term Loan Facility (the ratio of Consolidated Debt to Consolidated EBITDA as defined in the credit agreement for the 2013 Term Loan Facility) should be equal to or less than: | 3.50 to 1 | 2.38 |
| Minimum Interest Coverage Ratio under the 2013 Term Loan Facility (the ratio of Consolidated EBITDA to Consolidated Interest Expense as defined in the credit agreement for the 2013 Term Loan Facility) should be equal to or greater than: | 3.50 to 1 | 3.92 |
| Minimum Fixed Charge Coverage Ratio[(2)] under the ABL Credit Facility (the ratio of Consolidated EBITDA less Capital Expenditures and cash income taxes to Consolidated Interest Expense, Restricted Payments made in cash and scheduled cash principal payments made on borrowed money as defined in the credit agreement for the ABL Credit Facility) should be equal to or greater than: | 1.15 to 1 | N/A |

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

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

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

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

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

A default under the 2013 Credit Facilities may be triggered by events such as a failure to comply with financial covenants or other covenants under the 2013 Credit Facilities, a failure to make payments when due under the 2013 Credit Facilities, a failure to make payments when due in respect of, or a failure to perform obligations relating to, debt obligations in excess of $15.0 million, a change of control of the Company and certain insolvency proceedings. A default under the ABL Credit Facility would permit the lenders to terminate their commitment to make cash advances or issue letters of credit, require the immediate repayment of any outstanding cash advances with interest and require the cash collateralization of outstanding letter of credit obligations. A default under the 2013 Term Loan Facility would permit the lenders to require the immediate repayment of all principal, interest, fees and other amounts thereunder. As of March 31, 2014, we were in compliance with all covenants under the 2013 Credit Facilities.

As of March 31, 2014, we did not have any outstanding revolver borrowings and $72.9 million in outstanding letters of credit. Our borrowing base in effect at March 31, 2014 allowed a maximum borrowing, including outstanding letters of credit, of $143.7 million. Our unused availability under the ABL Credit Facility at March 31, 2014 was $70.8 million. If our unused availability under the ABL Credit Facility is less than the greater of (i) 15 percent of the revolving commitments or $22.5 million for five consecutive days, or (ii) 12.5 percent of the revolving commitments or $18.8 million at any time, or upon the occurrence of certain events of default under the ABL Credit Facility, we are subject to increased reporting requirements, the administrative agent shall have exclusive control over any deposit account, we shall not have any right of access to, or withdrawal from, any deposit account, or any right to direct the disposition of funds in any deposit account and amounts in any deposit account will be applied to reduce the outstanding amounts under the ABL Credit Facility.

In the second quarter of 2014, we made an early payment of $25.0 million against our 2013 Term Loan Facility through proceeds received through the sale of our union refinery maintenance turnaround service line, a related fabrication facility and associated tools and equipment. We continue to pursue additional opportunities to reduce our indebtedness, which may include additional sales of non-strategic and under-performing assets (including equipment, real property and businesses) as well as accessing capital markets.

**Settlement Agreement**

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

For additional information regarding the Settlement Agreement, see the discussion in Note 12 Discontinued Operations.

**Cash Balances**

As of March 31, 2014, we had cash and cash equivalents from continuing operations of $53.9 million. Our cash and cash equivalent balances held in the United States and foreign countries were $44.4 million and $9.5 million, respectively. In 2011, we discontinued our strategy of reinvesting non-U.S. earnings in foreign operations.

Our working capital position for continuing operations increased $32.2 million to $247.1 million at March 31, 2014 from $214.9 million at December 31, 2013, primarily attributed to an increase in unbilled revenue partially offset by increased accounts payable and decreased accounts receivable. We expect that our liquidity will improve as we increase our project billings and collections from customers.

**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 three months ended March 31, 2014 and 2013 (in thousands):

| | 2014 | 2013 | Increase (Decrease) |
|---|---|---|---|
| Operating activities | $ (2,204) | $ (14,594) | $ 12,390 |
| Investing activities | 19,259 | 37,052 | (17,793) |
| Financing activities | (23,160) | (58,898) | 35,738 |
| Effect of exchange rate changes | (823) | (228) | (595) |
| Cash used in all continuing activities | $ (6,928) | $ (36,668) | $ 29,740 |

*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.

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Operating activities from continuing operations used net cash of $2.2 million during the three months ended March 31, 2014 as compared to $14.6 million used during the same period of 2013. The $12.4 million decrease in cash flow used by operating activities is primarily a result of the following:

- A decrease in cash flow used by accounts receivable of $32.8 million related to an increase in customer cash collections during the period;
- A decrease in cash flow used by accounts payable of $18.1 million related to a decrease of cash payments to vendors during the period; and
- A decrease in cash flow used by continuing operations of $13.5 million related to an increase in net income, adjusted for any non-cash items.

This was partially offset by:

- An increase in cash flow used by contracts in progress of $37.4 million primarily related to decreased billings on projects during the period; and
- An increase in cash flow used by prepaids and other assets of $17.3 million attributed primarily to increased cash payments and decreased cash receipts during the period.

*Investing Activities*

Investing activities provided net cash of $19.3 million during the three months ended March 31, 2014 as compared to $37.1 million provided during the same period in 2013. The $17.8 million decrease in cash flow provided by investing activities is primarily the result of the difference between the $21.2 million in proceeds received for the sale of the Hawkeye business in the first quarter of 2014 as compared to the $38.9 million in proceeds received in the first quarter of 2013 for the sale of Willbros Middle East Limited, which held our operations in Oman.

*Financing Activities*

Financing activities used net cash of $23.2 million during the three months ended March 31, 2014 as compared to $58.9 million used during the same period of 2013. The $35.7 million decrease in cash flow used in financing activities is primarily a result of a $40.3 million decrease in payments against our revolver and notes payable during the first three months of 2014 as compared to the same period in 2013. This decrease was partially offset by a $2.9 million increase in payments against our Term Loan and a $5.7 million decrease in proceeds from our revolver and notes payable during the first quarter of 2014.

*Discontinued Operations*

Operating activities of discontinued operations provided net cash of $17.3 million during the first three months of 2014 as compared to $7.7 million used during the first three months of 2013. This increase was primarily due to the receipt of $17.0 million in settlement proceeds from Central Maine Power Company.

**Interest Rate Risk**

*Interest Rate Swaps*

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

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

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

The carrying amount and fair value of these swap agreements are equivalent since we account for these instruments at fair value. The values are derived from pricing models using inputs based upon market information, including contractual terms, market prices and yield curves. The inputs to the valuation pricing models are observable in the market, and as such are generally classified as Level 2 in the fair value hierarchy. For validation purposes, the swap valuations are periodically compared to those produced by swap counterparties. Amounts of OCI relating to the interest rate swaps expected to be recognized in interest expense in the coming twelve months totaled $1.7 million.

**Capital Requirements**

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

Our industry is capital intensive and we expect the need for substantial capital expenditures to continue into the foreseeable future to meet the anticipated demand for our services. As such, we are focused on the following significant capital requirements:

- Providing working capital for projects in process and those scheduled to begin in 2014; and
- Funding our 2014 capital budget of approximately $28.8 million of which $24.8 million remained unspent as of March 31, 2014.

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

**Contractual Obligations**

Other commercial commitments, as detailed in our Annual Report on Form 10-K for the year ended December 31, 2013, did not materially change except for payments made in the normal course of business.

**NEW ACCOUNTING PRONOUNCEMENTS**

See Note 2    New Accounting Pronouncements in the Notes to the Condensed Consolidated Financial Statements included in this Form 10-Q for a summary of any recently issued accounting pronouncements.

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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, refinery, petrochemical and power industries, business strategy, expansion and growth of our business and operations, the outcome of legal proceedings and other such matters are forward-looking statements. These forward-looking statements are based on assumptions and analyses we made in light of our experience and our perception of historical trends, current conditions and expected future developments as well as other factors we believe are appropriate under the circumstances. However, whether actual results and developments will conform to our expectations and predictions is subject to a number of risks and uncertainties. As a result, actual results could differ materially from our expectations. Factors that could cause actual results to differ from those contemplated by our forward-looking statements include, but are not limited to, the following:

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

reduction of services to existing and prospective clients when they bring historically out-sourced services back in-house to preserve intellectual capital and minimize layoffs;

the consequences we may encounter if we violate the Foreign Corrupt Practices Act (the FCPA ) or other anti-corruption laws in view of the 2008 final settlements with the Department of Justice and the Securities and Exchange Commission ( SEC ) in which we admitted prior FCPA violations, including the imposition of civil or criminal fines, penalties, enhanced monitoring arrangements, or other sanctions that might be imposed;

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

the dishonesty of employees and/or other representatives or their refusal to abide by applicable laws and our established policies and rules;

adverse weather conditions not anticipated in bids and estimates;

the occurrence during the course of our operations of accidents and injuries to our personnel, as well as to third parties, that negatively affect our safety record, which is a factor used by many clients to pre-qualify and otherwise award work to contractors in our industry;

cancellation of projects, in whole or in part, for any reason;

failing to realize cost recoveries on claims or change orders from projects completed or in progress within a reasonable period after completion of the relevant project;

political or social circumstances impeding the progress of our work and increasing the cost of performance;

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

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

Inability to obtain adequate financing on reasonable terms;

inability to obtain sufficient surety bonds or letters of credit;

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

loss of the services of key management personnel;

the demand for energy moderating or diminishing;

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

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

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

changes in the scope of our expected insurance coverage;

inability to manage insurable risk at an affordable cost;

enforceable claims for which we are not fully insured;

incurrence of insurable claims in excess of our insurance coverage;

the occurrence of the risk factors listed elsewhere in this Form 10-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.

**ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

**Interest Rate Risk**

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

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

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

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The carrying amount and fair value of the swap agreements are equivalent since we account for these instruments at fair value. The fair value of the swap agreements was $3.3 million at March 31, 2014 and was based on using a model with Level 2 inputs including quoted market prices for contracts with similar terms and maturity dates. A 100 basis point increase in interest rates would increase the fair value of the swaps by $4.0 million. Conversely, a 100 basis point decrease in interest rates (subject to minimum rates of zero) would decrease the fair value of the swaps by $3.1 million.

**Foreign Currency Risk**

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

We attempt to negotiate contracts which provide for payment in U.S. dollars, but we may be required to take all or a portion of payment under a contract in another currency. To mitigate non-U.S. currency exchange risk, we seek to match anticipated non-U.S. currency revenue with expense in the same currency whenever possible. To the extent we are unable to match non-U.S. currency revenue with expense in the same currency, we may use forward contracts, options or other common hedging techniques in the same non-U.S. currencies. We had no forward contracts or options at March 31, 2014 and 2013.

**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 March 31, 2014 due to the generally short maturities of these items. At March 31, 2014, we invested primarily in short-term dollar denominated bank deposits. We have the ability and expect to hold our investments to maturity

## ITEM 4. CONTROLS AND PROCEDURES

**Evaluation of Disclosure Controls and Procedures**

Disclosure controls and procedures are designed to ensure 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 ensure that information required to be disclosed in reports filed or submitted under the Exchange Act is accumulated and communicated to management, including principal executive and principal financial officers, or persons performing similar functions, 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 March 31, 2014, 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 design and operation 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 our disclosure controls and procedures were effective as of March 31, 2014.

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### 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) that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting during the quarter ended March 31, 2014.

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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 10 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 10 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, 2013.

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 March 31, 2014:

| | Total Number of Shares Purchased (1) | Average Price Paid Per Share (2) | Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs | Maximum Number (or Approximate Dollar Value) of Shares That May Yet Be Purchased Under the Plans or Programs |
|---|---|---|---|---|
| January 1, 2014 January 31, 2014 | 2,796 | $ 9.25 | | |
| February 1, 2014 February 28, 2014 | | | | |
| March 1, 2014 March 31, 2014 | 76,947 | 11.62 | | |
| Total | 79,743 | $ 11.54 | | |

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

(2) The price paid per common share represents the closing sales price of a share of our common stock, as reported 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.

| | |
|---|---|
| 10.1 | Waiver and Second Amendment to Loan, Security and Guaranty Agreement dated as of April 1, 2014 among certain subsidiaries of Willbros Group, Inc. party thereto, as U.S. Borrowers, Willbros Construction Services (Canada) L.P., as Canadian Borrower, and Willbros Group, Inc. and the other persons party thereto from time to time as Guarantors, certain financial institutions party thereto, as Lenders, and Bank of America, N.A., as collateral agent and administrative agent. |
| 10.2 | Second Amendment dated as of April 1, 2014 to the Credit Agreement dated as of August 7, 2013, as amended by the First Amendment thereto dated as of December 12, 2013, among Willbros Group, Inc., as Borrower and the other persons party thereto as Guarantors, the Lenders from time to time party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent. |
| 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. |
| 101.DEF | XBRL Taxonomy Extension Definition Linkbase Document. |
| 101.LAB | XBRL Taxonomy Extension Label Linkbase Document. |
| 101.PRE | XBRL Taxonomy Extension Presentation 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: May 5, 2014

By: /s/ Van A. Welch
Van A. Welch
Executive Vice President and Chief Financial Officer

(Principal Financial Officer)

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