

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
For the quarterly period ended **March 31, 2020**

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 No. **001-16501**



**Williams Industrial Services Group Inc.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of incorporation or organization)

**73-1541378**  
(I.R.S. Employer Identification No.)

**100 Crescent Centre Parkway, Suite 1240  
Tucker, GA 30084**  
(Address of principal executive offices) (Zip code)

**(770) 879-4400**  
(Registrant's telephone number, including area code)

**N/A**  
(Former name, former address and former fiscal year, if changed since last report)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
None	N/A	N/A

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  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

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

Large accelerated filer  Accelerated filer   
Non-accelerated filer  Smaller reporting company   
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

As of May 6, 2020, there were 25,324,645 shares of common stock of Williams Industrial Services Group Inc. outstanding.

WILLIAMS INDUSTRIAL SERVICES GROUP INC. AND SUBSIDIARIES

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**Part I—FINANCIAL INFORMATION****Item 1. Financial Statements .****WILLIAMS INDUSTRIAL SERVICES GROUP INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)**

(in thousands, except share data)	March 31, 2020	December 31, 2019
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 5,705	\$ 7,350
Restricted cash	468	468
Accounts receivable, net of allowance of \$374 and \$377, respectively	32,662	38,218
Contract assets	16,401	7,225
Other current assets	2,570	2,483
Total current assets	57,806	55,744
Property, plant and equipment, net	274	273
Goodwill	35,400	35,400
Intangible assets	12,500	12,500
Other long-term assets	8,611	8,549
Total assets	\$ 114,591	\$ 112,466
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 12,941	\$ 16,618
Accrued compensation and benefits	12,487	9,318
Contract liabilities	3,400	2,699
Short-term borrowings	6,397	10,849
Current portion of long-term debt	875	700
Other current liabilities	7,941	6,408
Current liabilities of discontinued operations	339	340
Total current liabilities	44,380	46,932
Long-term debt, net	32,418	32,658
Deferred tax liabilities	2,231	2,198
Other long-term liabilities	3,337	4,028
Long-term liabilities of discontinued operations	4,476	4,486
Total liabilities	86,842	90,302
Commitments and contingencies (Note 9 and 11)		
Stockholders' equity:		
Common stock, \$0.01 par value, 170,000,000 shares authorized and 25,602,226 and 19,794,270 shares issued, respectively, and 24,903,913 and 19,057,195 shares outstanding, respectively	252	198
Paid-in capital	88,753	81,964
Accumulated other comprehensive income (loss)	(36)	222
Accumulated deficit	(61,212)	(60,211)
Treasury stock, at par (698,313 and 737,075 common shares, respectively)	(8)	(9)
Total stockholders' equity	27,749	22,164
Total liabilities and stockholders' equity	\$ 114,591	\$ 112,466

See accompanying notes to condensed consolidated financial statements.

**WILLIAMS INDUSTRIAL SERVICES GROUP INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)**

(in thousands, except share and per share data)	Three Months Ended March 31,	
	2020	2019
Revenue	\$ 66,147	\$ 50,652
Cost of revenue	59,238	43,970
Gross profit	6,909	6,682
Selling and marketing expenses	138	240
General and administrative expenses	6,200	4,762
Depreciation and amortization expense	41	72
Total operating expenses	6,379	5,074
Operating income	530	1,608
Interest expense, net	1,533	1,474
Other (income) expense, net	(122)	(325)
Total other (income) expense, net	1,411	1,149
Income (loss) from continuing operations before income tax	(881)	459
Income tax expense	48	64
Income (loss) from continuing operations	(929)	395
Loss from discontinued operations before income tax	(54)	(64)
Income tax expense	18	28
Loss from discontinued operations	(72)	(92)
Net income (loss)	\$ (1,001)	\$ 303
Basic earnings (loss) per common share		
Income (loss) from continuing operations	\$ (0.05)	\$ 0.02
Income (loss) from discontinued operations	—	—
Basic earnings (loss) per common share	\$ (0.05)	\$ 0.02
Diluted earnings (loss) per common share		
Income (loss) from continuing operations	\$ (0.05)	\$ 0.02
Income (loss) from discontinued operations	—	—
Diluted earnings (loss) per common share	\$ (0.05)	\$ 0.02

See accompanying notes to condensed consolidated financial statements.

**WILLIAMS INDUSTRIAL SERVICES GROUP INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (UNAUDITED)**

<u>(in thousands)</u>	<b>Three Months Ended March 31,</b>	
	<b>2020</b>	<b>2019</b>
Net income (loss)	\$ (1,001)	\$ 303
Foreign currency translation adjustment	(258)	18
Comprehensive income (loss)	\$ (1,259)	\$ 321

See accompanying notes to condensed consolidated financial statements.

**WILLIAMS INDUSTRIAL SERVICES GROUP INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (UNAUDITED)**

(in thousands, except share data)	Common Shares		Paid-in Capital	Accumulated Other Comprehensive Income (Loss)		Treasury Shares		Total
	\$0.01 Per Share			Deficit	Shares	Amount		
	Shares	Amount						
Balance, December 31, 2018	19,767,605	\$ 197	\$ 80,424	\$ —	\$ (62,397)	(1,107,387)	\$ (11)	\$ 18,213
Issuance of restricted stock units	—	—	—	—	—	390,901	4	4
Tax withholding on restricted stock units	—	—	(123)	—	—	(50,738)	(2)	(125)
Stock-based compensation	—	—	408	—	—	—	—	408
Foreign currency translation	—	—	—	18	—	—	—	18
Net income (loss)	—	—	—	—	303	—	—	303
Balance, March 31, 2019	19,767,605	\$ 197	\$ 80,709	\$ 18	\$ (62,094)	(767,224)	\$ (9)	\$ 18,821

(in thousands, except share data)	Common Shares		Paid-in Capital	Accumulated Other Comprehensive Income (Loss)		Treasury Shares		Total
	\$0.01 Per Share			Deficit	Shares	Amount		
	Shares	Amount						
Balance, December 31, 2019	19,794,270	\$ 198	\$ 81,964	\$ 222	\$ (60,211)	(737,075)	\$ (9)	\$ 22,164
Issuance of common stock	5,384,615	54	6,478	—	—	—	—	6,532
Issuance of restricted stock units	423,341	—	—	—	—	80,207	1	1
Tax withholding on restricted stock units	—	—	(65)	—	—	(41,445)	—	(65)
Stock-based compensation	—	—	376	—	—	—	—	376
Foreign currency translation	—	—	—	(258)	—	—	—	(258)
Net income (loss)	—	—	—	—	(1,001)	—	—	(1,001)
Balance, March 31, 2020	25,602,226	\$ 252	\$ 88,753	\$ (36)	\$ (61,212)	(698,313)	\$ (8)	\$ 27,749

See accompanying notes to condensed consolidated financial statements.

**WILLIAMS INDUSTRIAL SERVICES GROUP INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)**

(in thousands)	Three Months Ended March 31,	
	2020	2019
<b>Operating activities:</b>		
Net income (loss)	\$ (1,001)	\$ 303
Adjustments to reconcile net income (loss) to net cash (used in) provided by operating activities:		
Net loss from discontinued operations	72	92
Deferred income tax provision (benefit)	33	45
Depreciation and amortization on plant, property and equipment	41	72
Amortization of deferred financing costs	182	154
Bad debt expense	3	189
Stock-based compensation	472	305
Changes in operating assets and liabilities, net of businesses sold:		
Accounts receivable	5,444	(2,421)
Contract assets	(9,413)	(2,923)
Other current assets	(2)	(54)
Other assets	(596)	403
Accounts payable	(3,122)	5,964
Accrued and other liabilities	4,230	517
Contract liabilities	701	(76)
Net cash provided by (used in) operating activities, continuing operations	(2,956)	2,570
Net cash provided by (used in) operating activities, discontinued operations	(83)	(212)
Net cash provided by (used in) operating activities	(3,039)	2,358
<b>Investing activities:</b>		
Purchase of property, plant and equipment	(42)	(68)
Net cash provided by (used in) investing activities, continuing operations	(42)	(68)
<b>Financing activities:</b>		
Repurchase of stock-based awards for payment of statutory taxes due on stock-based compensation	(65)	(121)
Proceeds from issuance of common stock	6,532	—
Debt issuance costs	(442)	—
Proceeds from short-term borrowings	53,460	42,266
Repayments of short-term borrowings	(57,913)	(45,497)
Repayments of long-term debt	—	(88)
Net cash provided by (used in) financing activities, continuing operations	1,572	(3,440)
Effect of exchange rate change on cash, continuing operations	(136)	—
Net change in cash, cash equivalents and restricted cash	(1,645)	(1,150)
Cash, cash equivalents and restricted cash, beginning of period	7,818	4,942
Cash, cash equivalents and restricted cash, end of period	\$ 6,173	\$ 3,792
<b>Supplemental Disclosures:</b>		
Cash paid for interest	\$ 716	\$ 1,092
Noncash amendment fee related to MidCap facility	\$ 150	\$ —

See accompanying notes to condensed consolidated financial statements.

**WILLIAMS INDUSTRIAL SERVICES GROUP INC. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

**NOTE 1—BUSINESS AND BASIS OF PRESENTATION****Business**

Williams Industrial Services Group Inc. was incorporated in 2001 under the name “Global Power Equipment Group Inc.” under the laws of the State of Delaware and became the successor to GEEG Holdings, LLC, which was formed as a Delaware limited liability company in 1998. Effective June 29, 2018, Global Power Equipment Group Inc. changed its name to Williams Industrial Services Group Inc. (together with its wholly owned subsidiaries, “Williams,” the “Company,” “we,” “us” or “our,” unless the context indicates otherwise) to better align its name with the Williams business, and our stock now trades on the OTCQX® Best Market under the ticker symbol “WLMS.” Williams has been safely helping plant owners and operators enhance asset value for more than 50 years. We provide a broad range of construction, maintenance and support services to customers in energy, power and industrial end markets. Our mission is to be the preferred provider of construction, maintenance, and specialty services through commitment to superior safety performance, focus on innovation, and dedication to delivering unsurpassed value to our customers.

**Presentation**

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) on a basis consistent with that used in the Annual Report on Form 10-K for the year ended December 31, 2019, filed by the Company with the U.S. Securities and Exchange Commission (“SEC”) on March 27, 2020 (the “2019 Report”). In the opinion of management, the unaudited condensed consolidated financial statements reflect all adjustments, including all normal recurring adjustments, necessary to present fairly the unaudited condensed consolidated balance sheets and statements of operations, comprehensive income (loss), stockholders’ equity and cash flows for the periods indicated. All significant intercompany transactions have been eliminated. The December 31, 2019 unaudited condensed consolidated balance sheet data was derived from audited financial statements, but does not include all disclosures required by GAAP. These unaudited condensed consolidated interim financial statements and accompanying notes should be read in conjunction with the audited consolidated financial statements and accompanying notes included in the 2019 Report. Accounting measurements at interim dates inherently involve greater reliance on estimates than at year-end. The results of operations for any interim period are not necessarily indicative of operations to be expected for the full year.

The Company reports on a fiscal quarter basis utilizing a “modified” 4-4-5 calendar (modified in that the fiscal year always begins on January 1 and ends on December 31). However, the Company has continued to label its quarterly information using a calendar convention. The effects of this practice are modest and only exist when comparing interim period results. The reporting periods and corresponding fiscal interim periods are as follows:

Reporting Interim Period	Fiscal Interim Period	
	2020	2019
Three Months Ended March 31	January 1, 2020 to March 29, 2020	January 1, 2019 to March 31, 2019
Three Months Ended June 30	March 30, 2020 to June 28, 2020	April 1, 2019 to June 30, 2019
Three Months Ended September 30	June 29, 2020 to September 27, 2020	July 1, 2019 to September 29, 2019

**NOTE 2—LIQUIDITY**

The Company’s unaudited condensed consolidated financial statements have been prepared on a going concern basis, which assumes that it will be able to meet its obligations and continue its operations during the twelve-month period following the issuance of this Quarterly Report on Form 10-Q for the three months ended March 31, 2020 (this “Form 10-Q”). These financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classifications of liabilities that may result should the Company be unable to continue as a going concern.

The Company had negative cash flows from operations during the three months ended March 31, 2020 and has historically raised capital to fund its working capital and growth. On January 13, 2020, the Company amended its existing credit facilities with Centre Lane (as defined below) and MidCap (as defined below). As of March 31, 2020, the Company had \$5.5 million in available borrowing capacity (see Note 9). In addition, the Company successfully completed its fully backstopped \$7.0 million

registered offering of subscription rights to purchase shares of the Company's common stock to existing holders of the Company's common stock (the "Rights Offering"), which expired March 2, 2020, pursuant to which the Company issued 5,384,615 shares of its common stock and received net proceeds of \$6.6 million. The Company is using the net proceeds from the Rights Offering, combined with the additional borrowing capacity provided by the amended MidCap Facility (as defined below), for working capital and general corporate purposes to fund certain of the Company's strategic growth initiatives. As a result, management believes that the Company has sufficient resources to satisfy its working capital requirements for at least 12 months following the issuance of these unaudited condensed consolidated financial statements. However, the Company's liquidity could be periodically, and for certain intervals, constrained due to the working capital requirements that will be needed as it continues to execute its plans to grow the business.

The Company continues to monitor its liquidity and capital resources. If market conditions were to change, and revenue was reduced or operating costs increased, cash flows and liquidity could be significantly reduced.

In December 2019, a novel strain of the coronavirus ("COVID-19") surfaced in Wuhan, China, which spread globally and was declared a pandemic by the World Health Organization in March 2020. The challenges posed by the COVID-19 pandemic on the global economy increased significantly as the first quarter of 2020 progressed. In response to COVID-19, federal, provincial, state, county and local governments and public health organizations and authorities around the world have implemented a variety of measures intended to control the spread of the virus, including quarantines, "shelter-in-place," "stay-at-home" and similar orders, travel restrictions, school closures, business curtailments and closures, social distancing and hygiene requirements. The effects of COVID-19 have impacted some of the Company's projects; for instance, in April 2020, the Company experienced a temporary suspension in projects in New York and a labor reduction for projects in Georgia (see Note 13). Although to date the Company has not experienced materially negative impacts from COVID-19, such as widespread project stoppage or cancellations or a slowdown or cessation of accounts receivables collections, the timing of future contract awards could create gaps in the Company's project delivery schedule across quarterly periods, and the uncertainty and economic impacts created by the pandemic could cause a temporary decline in demand for the Company's services. The Company anticipates that its future results of operations, including the results for 2020, will be impacted by the COVID-19 outbreak, but at this time does not expect that the impact from the COVID-19 outbreak will have a material effect on the Company's liquidity or financial position. However, given the speed and frequency of continuously evolving developments and inherent uncertainty with respect to this pandemic, the Company cannot provide any assurance that such impacts will not grow and become material to its liquidity or financial position.

The Company currently cannot predict the ultimate impact of the COVID-19 pandemic on its business, results of operations, financial condition and cash flows, as such impact is dependent on future developments, including the duration of the pandemic and the related length of its impact on the global economy, which are uncertain and cannot be predicted at this time. The Company and its liquidity, as well as its ability to satisfy its working capital requirements, may be adversely affected to some degree by the COVID-19 pandemic. The Company currently believes that the impact of COVID-19 on the Company will not negatively impact its ability to comply with the covenants under its existing credit facilities. However, the Company cannot provide any assurance that the assumptions used to estimate its liquidity requirements will remain accurate due to the unprecedented nature and the unpredictability of the COVID-19 global pandemic and its potential impact on the Company and its customer base. As a consequence, the Company's estimates of the duration of the pandemic and its impact on the Company's future earnings and cash flows could change and have a material impact on its results of operations and financial condition.

### **NOTE 3—RECENT ACCOUNTING PRONOUNCEMENTS**

#### ***Recently Adopted Accounting Pronouncements***

In August 2018, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2018-15, "Intangibles—Goodwill and Other Internal-Use Software (Subtopic 350-40)." This update aligns the requirements for capitalizing costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal use software, including hosting arrangements that are service contracts, over the term of the hosting arrangement. Further, this update requires the presentation of the expense in the statement of income, the presentation of the costs on the statement of financial position and the classification of payments in the statement of cash flows related to capitalized implementation costs to be treated the same as the fees of the associated hosting arrangement. In the first quarter of 2020, the Company adopted ASU 2018-15, which did not have a material impact on its financial position, results of operations and cash flows.

In August 2018, the FASB issued ASU 2018-13, "Fair Value Measurement (Topic 820)." This amendment update modifies disclosure requirements related to fair value measurement. In the first quarter of 2020, the Company adopted ASU 2018-13,

which did not have a material impact on its financial statement disclosures.

#### **Recently Issued Accounting Pronouncements**

In March 2020, the FASB issued ASU 2020-04, “Facilitation of the Effects of Reference Rate Reform on Financial Reporting (Topic 848).” This guidance is to provide temporary optional expedients and exceptions to the GAAP guidance on contract modifications and hedge accounting to ease the financial reporting burdens of the expected market transition from the London Interbank Offered Rate (“LIBOR”) and other interbank offered rates to alternative reference rates, such as the Secured Overnight Financing Rate (SOFR). The guidance is effective upon issuance and may be adopted on any date on or after March 12, 2020. The Company is currently evaluating the impact this ASU will have on its results of operations, financial position and cash flows.

In December 2019, the FASB issued ASU 2019-12, “Income Taxes”, which simplifies the accounting for income taxes by removing certain exceptions for investments, intraperiod allocations and interim calculations, and adding guidance to reduce complexity in accounting for income taxes. The update is effective for annual periods beginning after December 15, 2020, and interim periods within those fiscal years. Early adoption is permitted. The Company is currently evaluating the impact this ASU will have on its results of operations, financial position and cash flows.

#### **NOTE 4—LEASES**

On January 1, 2019, the Company adopted ASU 2016-02 using the modified retrospective method, and accordingly, the new guidance was applied to leases that existed as of January 1, 2019.

The Company primarily leases office space and related equipment, as well as equipment, modular units and vehicles directly used in providing services to its customers. The Company’s leases have remaining lease terms of one to ten years. Most leases contain renewal options for varying periods, which are at the Company’s sole discretion and included in the expected lease term if they are reasonably certain of being exercised. For leases beginning in 2019 and thereafter, the Company accounts for lease components, such as fixed payments including rent, real estate taxes, and insurance costs, separately from the non-lease components, such as common area maintenance costs.

For leases with terms greater than twelve months, the Company records the related right-of-use assets and lease liabilities at the present value of the fixed lease payments over the lease term at the lease commencement date. The Company uses its incremental borrowing rate to determine the present value of the lease as the rate implicit in the lease is typically not readily determinable.

Short-term leases (leases with an initial term of twelve months or less or leases that are cancelable by the lessee and lessor without significant penalties) are expensed on a straight-line basis over the lease term. The majority of the Company’s short-term leases relate to equipment used in delivering services to its customers. These leases are entered into at agreed upon hourly, daily, weekly or monthly rental rates for an unspecified duration and typically have a termination for convenience provision. Such equipment leases are considered short-term in nature unless it is reasonably certain that the equipment will be leased for a term greater than twelve months.

The components of lease expense were as follows:

Lease Cost/(Sublease Income) (in thousands)	Three Months Ended March 31,	
	2020	2019
Operating lease cost	\$ 1,219	\$ 1,227
Short-term lease cost	835	306
Sublease income	—	(9)
Total lease cost	\$ 2,054	\$ 1,524

Lease cost related to finance leases was not significant for the three months ended March 31, 2020 and 2019.

Information related to the Company’s right-of-use assets and lease liabilities was as follows:

Lease Assets/Liabilities (in thousands)	Balance Sheet Classification	March 31, 2020	December 31, 2019
<b>Lease Assets</b>			
Right-of-use assets	Other long-term assets	\$ 5,449	\$ 5,743
<b>Lease Liabilities</b>			
Short-term lease liabilities	Other current liabilities	\$ 3,389	\$ 2,985
Long-term lease liabilities	Other long-term liabilities	2,253	2,939
Total lease liabilities		\$ 5,642	\$ 5,924

Supplemental information related to the Company’s leases was as follows:

(dollars in thousands)	Three Months Ended March 31,	
	2020	2019
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash used by operating leases	\$ 1,231	1,238
Right-of-use assets obtained in exchange for new operating lease liabilities	1,001	578
Right-of-use assets obtained in exchange for new finance lease liabilities	—	27
Weighted-average remaining lease term - operating leases	1.83 years	2.56 years
Weighted-average remaining lease term - finance leases	3.98 years	5 years
Weighted-average discount rate - operating leases	9%	9%
Weighted-average discount rate - finance leases	9%	9%

Total remaining lease payments under the Company’s operating and finance leases are as follows:

Three Months Ended March 31, 2020	Operating Leases		Finance Leases	
	(in thousands)			
Remainder of 2020	\$ 2,988	\$ 4		
2021	2,256	6		
2022	696	6		
2023	145	5		
2024	2	1		
Thereafter	—	—		
Total lease payments	\$ 6,087	\$ 22		
Less: interest	(467)	—		
Present value of lease liabilities	\$ 5,620	\$ 22		

**NOTE 5—CHANGES IN BUSINESS**

***Discontinued Operations***

*Electrical Solutions*

During the fourth quarter of 2017, the Company made the decision to exit and sell its Electrical Solutions segment (which was comprised solely of Koontz-Wagner Custom Controls Holdings LLC (“Koontz-Wagner”), a wholly owned subsidiary of the Company) in an effort to reduce the Company’s outstanding term debt. The Company determined that the decision to exit this segment met the definition of a discontinued operation. As a result, this segment has been presented as a discontinued operation for all periods presented.

On July 11, 2018, Koontz-Wagner filed a voluntary petition for relief under Chapter 7 of Title 11 of the U.S. Bankruptcy Code with the U.S. Bankruptcy Court for the Southern District of Texas. The filing was for Koontz-Wagner only, not for the Company as a whole, and was completely separate and distinct from the Williams business and operations. As a result of the July 11, 2018 bankruptcy of Koontz-Wagner, the Company recorded \$11.4 million of exit costs, consisting of a lease guarantee, liability for salary and benefit continuation and a pension withdrawal liability, which were included in loss from discontinued operations in the Company’s consolidated statements of operations for the year ended December 31, 2018. The Company satisfied the liability related to the lease guarantee settlement and substantially all of the salary and benefit continuation liability through cash payments by the end of 2018. The pension liability is expected to be satisfied by annual cash payments of \$0.3

million each, paid in quarterly installments, which began in 2018 and will continue to be paid over the next twenty years.

*Mechanical Solutions*

During the third quarter of 2017, the Company made the decision to exit and sell substantially all of the operating assets and liabilities of its Mechanical Solutions and determined that the decision to exit this segment met the definition of a discontinued operation. As a result, this segment, including TOG Manufacturing Company, Inc., has been presented as a discontinued operation for all periods presented.

In connection with the sale of its Mechanical Solutions segment during 2017, the Company entered into a transition services agreement with the purchaser to provide certain accounting and administrative services for an initial period of nine months. In April 2019, the purchaser of the Company's former Mechanical Solutions segment went into receivership and in connection with this event, the Company recognized a write down to the estimated fair value of its amounts due under the transition services agreement of \$0.2 million in the three months ended March 31, 2019. At the time the purchaser went into receivership, the Company also had remaining balances of \$0.2 million and \$0.8 million included in other current assets and other current liabilities, respectively, on its condensed consolidated balance sheet. In November 2019, the Company executed, and the U.S. Bankruptcy Court for the Northern District of Oklahoma approved, an agreement with the purchaser to settle the disputes related to the remaining asset and liability. As a result, the Company recorded a net gain of \$0.4 million, which was included in other (income) expense, net on its consolidated statement of operations for the year ended December 31, 2019.

As of March 31, 2020 and December 31, 2019, the Company did not have any assets related to its Electrical and Mechanical Solutions' discontinued operations. The following table presents a reconciliation of the carrying amounts of major classes of liabilities of Electrical and Mechanical Solutions' discontinued operations:

(in thousands)	March 31, 2020	December 31, 2019
<b>Liabilities:</b>		
Other current liabilities	\$ 339	\$ 340
Current liabilities of discontinued operations	339	340
Liability for pension obligation	2,688	2,708
Liability for uncertain tax positions	1,788	1,778
Long-term liabilities of discontinued operations	4,476	4,486
Total liabilities of discontinued operations	\$ 4,815	\$ 4,826

The following table presents a reconciliation of the major classes of line items constituting the net loss from discontinued operations. In accordance with GAAP, the amounts in the table below do not include an allocation of corporate overhead.

(in thousands)	Three Months Ended March 31,	
	2020	2019
General and administrative expenses	\$ 1	\$ 10
Interest expense	53	54
Loss from discontinued operations before income tax	(54)	(64)
Income tax expense	18	28
Loss from discontinued operations	\$ (72)	\$ (92)

**NOTE 6—REVENUE**

*Disaggregation of Revenue*

Disaggregated revenue by type of contract was as follows:

(in thousands)	Three Months Ended March 31,	
	2020	2019
Cost-plus reimbursement contracts	\$ 60,296	\$ 43,503
Fixed-price contracts	5,851	7,149
Total	\$ 66,147	\$ 50,652

Disaggregated revenue by the geographic area where the work was performed was as follows:

(in thousands)	Three Months Ended March 31,	
	2020	2019
United States	\$ 57,647	\$ 49,204
Canada	8,500	1,449
Total	\$ 66,147	\$ 50,652

**Contract Balances**

The Company enters into contracts that allow for periodic billings over the contract term that are dependent upon specific advance billing terms, as services are provided, or as milestone billings based on completion of certain phases of work. Projects with performance obligations recognized over time that have costs and estimated earnings recognized to date in excess of cumulative billings are reported in the Company's unaudited condensed consolidated balance sheets as contract assets. Projects with performance obligations recognized over time that have cumulative billings in excess of costs and estimated earnings recognized to date are reported in the Company's unaudited condensed consolidated balance sheets as contract liabilities. At any point in time, each project in process could have either contract assets or contract liabilities.

The following table provides information about contract assets and contract liabilities from contracts with customers:

(in thousands)	Three Months Ended March 31,	
	2020	2019
Costs incurred on uncompleted contracts	\$ 59,238	\$ 43,403
Earnings recognized on uncompleted contracts	6,909	7,265
Total	66,147	50,668
Less—billings to date	(53,146)	(42,729)
Net	\$ 13,001	\$ 7,939
Contract assets	\$ 16,401	\$ 11,141
Contract liabilities	(3,400)	(3,202)
Net	\$ 13,001	\$ 7,939

For the three months ended March 31, 2020, the Company recognized revenue approximately \$2.8 million that was included in the corresponding contract liability balance at December 31, 2019.

**Remaining Performance Obligations**

The following table includes estimated revenue expected to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied) as of March 31, 2020:

(in thousands)	Remainder of 2020	2021	2022	Thereafter	Total
Remaining performance obligations	\$ 154,903	\$ 122,427	\$ 73,991	\$ 117,083	\$ 468,404

**NOTE 7—EARNINGS (LOSS) PER SHARE**

In March 2020, the Company successfully completed its fully backstopped \$7.0 million Rights Offering, which expired March 2, 2020, pursuant to which the Company issued 5,384,615 shares of its common stock and received net proceeds of \$6.6 million.

As of March 31, 2020, the Company's 24,903,913 shares outstanding included 550,857 shares of contingently issued but unvested restricted stock. As of March 31, 2019, the Company's 19,000,381 shares outstanding included 288,137 shares of contingently issued but unvested restricted stock. Restricted stock is excluded from the calculation of basic weighted average shares outstanding, but its impact, if dilutive, is included in the calculation of diluted weighted average shares outstanding.

Basic earnings (loss) per common share are calculated by dividing net income (loss) by the weighted average common shares outstanding during the period. Diluted earnings (loss) per common share are based on the weighted average common shares outstanding during the period, adjusted for the potential dilutive effect of common shares that would be issued upon the vesting and release of restricted stock awards and units and stock options, if any.

Basic and diluted earnings (loss) per common share from continuing operations were calculated as follows:

(in thousands, except share data)	Three Months Ended March 31,	
	2020	2019
Income (loss) from continuing operations	\$ (929)	\$ 395
Basic earnings (loss) per common share:		
Weighted average common shares outstanding	20,347,661	18,514,895
Basic earnings (loss) per common share	\$ (0.05)	\$ 0.02
Diluted earnings (loss) per common share:		
Weighted average common shares outstanding	20,347,661	18,514,895
Diluted effect:		
Unvested portion of restricted stock units and awards	—	145,510
Weighted average diluted common shares outstanding	20,347,661	18,660,405
Diluted earnings (loss) per common share	\$ (0.05)	\$ 0.02

The weighted average number of shares outstanding used in the computation of basic and diluted earnings (loss) per common share does not include the effect of the following potential outstanding common stock. The effects of the potentially outstanding service-based restricted stock and restricted stock unit awards were not included in the calculation of diluted earnings (loss) per common share because the effect would have been anti-dilutive. The effects of the potentially outstanding performance- and market-based restricted stock unit awards were not included in the calculation of diluted earnings (loss) per common share because the performance and/or market conditions had not been satisfied as of March 31, 2020 and 2019.

	Three Months Ended March 31,	
	2020	2019
Unvested service-based restricted stock and restricted stock unit awards	1,188,564	257,109
Unvested performance- and market-based restricted stock unit awards	550,016	636,957
Stock options	—	122,000

#### NOTE 8—INCOME TAXES

The effective income tax expense (benefit) rate for continuing operations for the three months ended March 31, 2020 and 2019 was as follows:

	Three Months Ended March 31,	
	2020	2019
Effective income tax rate for continuing operations	(5.4)%	13.9%

The effective income tax rate differs from the statutory federal income tax rate of 21% primarily because of the partial valuation allowances recorded on the Company's deferred tax assets.

For the three months ended March 31, 2020, the Company recorded income tax expense from continuing operations of less than \$0.1 million, or (5.4%) of pretax loss from continuing operations compared with income tax expense from continuing operations of \$0.1 million, or 13.9% of pretax income from continuing operations in the corresponding period in 2019. The decrease in income tax provision from continuing operations for the three months ended March 31, 2020, compared with the corresponding periods in 2019 was primarily the result of the \$0.1 million decrease in indefinite-lived intangible deferred tax liabilities, partially offset by the increase in indefinitely-lived deferred tax assets related to the interest expense addback under Section 163 (j) of the Internal Revenue Code and the post-2017 US net operation loss.

As of March 31, 2020 and 2019, the Company would have needed to generate approximately \$269.2 million and \$277.8 million, respectively, of future financial taxable income in order to realize its deferred tax assets.

The Company's foreign subsidiaries may generate earnings that are not subject to U.S. income taxes so long as they are permanently reinvested in its operations outside of the U.S. pursuant to ASC 740-30. Undistributed earnings of foreign

subsidiaries that are no longer permanently reinvested would become subject to deferred income taxes. As of March 31, 2020 and 2019, the Company did not have any undistributed earnings in its foreign subsidiaries because all of their earnings were either taxed as deemed dividends or included with the provisional estimate of a one-time transition tax as of December 31, 2017.

As of March 31, 2020 and 2019, the Company provided for a total liability of \$2.8 million and \$3.4 million, respectively, of which \$1.8 million and \$2.5 million, respectively, related to discontinued operations for unrecognized tax benefits related to various federal, foreign and state income tax matters, which were included in long-term deferred tax assets and other long-term liabilities. If recognized, the entire amount of liability would affect the effective tax rate. As of March 31, 2020, the Company accrued approximately \$1.3 million, of which \$0.8 million related to discontinued operations, in other long-term liabilities for potential payment of interest and penalties related to uncertain income tax positions.

On March 27, 2020, the Coronavirus Aid, Relief and Economic Security (“CARES”) Act was enacted and signed into U.S. law to provide economic relief to individuals and businesses facing economic hardship as a result of the COVID-19 pandemic. The CARES Act did not have a material impact on the Company’s unaudited condensed consolidated financial condition or results of operations as of and for the three months ended March 31, 2020. However, the Company plans to defer the timing of federal estimated tax payments and employer payroll taxes as permitted by the CARES Act.

#### **NOTE 9—DEBT**

As of March 31, 2020, the Company was in compliance with all debt covenants. After considering the current and potential effect that the significant decline in the prices of natural gas and crude oil and the uncertainty created by the COVID-19 pandemic may have on the industry, the Company currently expects to remain in compliance with its debt covenants. However, the Company cannot provide any assurance that the assumptions used to estimate its liquidity requirements will remain accurate due to the unprecedented nature and the unpredictability of the COVID-19 global pandemic. As a consequence, the Company’s estimates of the duration of the pandemic and its impact on the Company’s future earnings and cash flows could change and have a material impact on its results of operations and financial condition, including negatively affecting the Company’s ability to remain in compliance with its debt covenants.

The following table provides information about the Company’s debt, net of unamortized deferred financing costs:

<b>(in thousands)</b>	<b>March 31, 2020</b>	<b>December 31, 2019</b>
MidCap Facility	\$ 6,397	\$ 10,849
Current portion of New Centre Lane Facility	875	700
Current debt	\$ 7,272	\$ 11,549
New Centre Lane Facility	\$ 33,513	\$ 33,687
Unamortized deferred financing costs	(1,095)	(1,029)
Long-term debt, net	\$ 32,418	\$ 32,658
Total debt, net	\$ 39,690	\$ 44,207

#### ***MidCap Facility***

On October 11, 2018, the Company entered into a three-year, \$15.0 million Credit and Security Agreement with MidCap Financial Trust (“MidCap”), as agent and as a lender, and other lenders that may be added as a party thereto (as amended, the “MidCap Facility”). The MidCap Facility is a secured asset-based revolving credit facility that provides borrowing availability against the sum of 85% of eligible accounts receivable plus the lesser of 80% of eligible contract assets and \$1.0 million, after certain customary exclusions and reserves, and allows for up to \$6.0 million of non-cash collateralized letters of credit. The Company can, if necessary, make daily borrowings under the MidCap Facility with twenty-four to forty-eight hour funding. The outstanding loan balance under the MidCap Facility is reduced through the daily automated sweeping of the Company’s depository accounts to the lender’s account under the terms of deposit account control agreements.

The MidCap Facility requires the Company to regularly provide financial information to the lenders, and, beginning on December 31, 2018, to maintain certain total leverage and fixed charge coverage ratios and meet minimum consolidated adjusted EBITDA and minimum liquidity requirements (each of which as defined in the MidCap Facility). As of March 31, 2020 and December 31, 2019, the Company was in compliance with all four financial covenants.

On January 13, 2020, the Company entered into the Third Amendment to the MidCap Facility (the “MidCap Amendment”) to, among other things, extend the maturity date of the revolving loan facility by one year to October 11, 2022 and increase the maximum available principal amount of revolving loans by \$10.0 million to \$25.0 million. The MidCap Amendment also changed the leverage ratio requirement to a “net” leverage ratio, enabling the Company to net unrestricted cash and cash equivalents in excess of \$2.5 million against its Total Debt (as defined in the MidCap Facility) when determining the total net leverage ratio; amended the calculation of consolidated adjusted EBITDA; revised the required levels of the total net leverage ratio and minimum consolidated adjusted EBITDA for certain future periods; required the payment of a \$150,000 amendment fee; increased the monthly collateral management fee and a certain prepayment fee; and made certain other changes to the MidCap Facility, in each case subject to the terms and conditions of the MidCap Amendment.

As of March 31, 2020, and December 31, 2019, the Company had \$6.4 million and \$10.8 million, respectively, outstanding under the MidCap Facility, which was included in short-term borrowings on the unaudited condensed consolidated balance sheets. As of March 31, 2020, the Company had \$5.5 million in available borrowings under the MidCap Facility.

Borrowings under the MidCap Facility bear interest at LIBOR plus 6.0% per year, subject to a minimum LIBOR rate of 1.0%, which is payable in cash on a monthly basis.

The Company must pay a customary unused line fee equal to 0.5% per annum of the average unused portion of the commitments under the MidCap Facility, certain other customary administration fees and a minimum balance fee. In addition, while any letters of credit are outstanding under the MidCap Facility, the Company must pay a letter of credit fee equal to 6.0% per annum, in addition to any other customary fees required by the issuer of the letter of credit.

The Company’s obligations under the MidCap Facility are secured by first priority liens on substantially all of its assets, other than the Excluded Collateral (as defined in the MidCap Facility), subject to the terms of an intercreditor agreement, dated as of October 11, 2018 (as amended, the “Intercreditor Agreement”), entered into by an affiliate of Centre Lane Partners, LLC (“Centre Lane”) as a lender under the New Centre Lane Facility (as defined below), and MidCap, as agent, and to which the Company consented. The Intercreditor Agreement was entered into as required by the MidCap Facility and the New Centre Lane Facility. The first priority liens previously granted by the Company and certain of its wholly owned subsidiaries in favor of Centre Lane in connection with the New Centre Lane Facility are also subject to the Intercreditor Agreement, which, among other things, specifies the relative lien priorities of the secured parties under each of the MidCap Facility and the New Centre Lane Facility in the relevant collateral. It contains customary provisions regarding, among other things, the rights of the respective secured parties to take enforcement actions against the collateral and certain limitations on amending the documentation governing each of the MidCap Facility and the New Centre Lane Facility. It additionally provides secured parties under each of the MidCap Facility and the New Centre Lane Facility the option, in certain instances, to purchase all outstanding obligations of the Company under the other respective loan facility.

The Company may from time to time voluntarily prepay outstanding amounts under the MidCap Facility, in whole or in part, in a minimum amount of \$0.1 million. If at any time the principal amount outstanding under the MidCap Facility exceeds the borrowing base in effect at such time, the Company must repay the excess amount in cash, cash collateralize liabilities under letters of credit, or cause the cancellation of outstanding letters of credit (or any combination of the foregoing), in an aggregate amount equal to such excess. The Company is also required to repay certain amounts outstanding under the MidCap Facility upon the occurrence of certain events involving the assets upon which the borrowing base is calculated, including receipt of payments or proceeds from the Company’s accounts receivable, certain casualty proceeds in excess of \$25,000, and receipt of proceeds following certain asset dispositions. The Company also has certain reimbursement obligations in the event of payments by the agent or a lender against draws under outstanding letters of credit.

In the event the MidCap Facility is terminated (by reason of an event of default or otherwise) 90 days or more prior to the maturity date, the Company will be required to pay a deferred loan origination fee in an amount equal to the aggregate commitment under the MidCap Facility at the time of termination, multiplied by 2.0% in the first two years following October 11, 2018, 1.5% in the third year, and 1.0% thereafter.

The MidCap Facility also contains customary representations and warranties, as well as customary affirmative and negative covenants. The MidCap Facility contains covenants that may, among other things, limit the Company’s ability to incur additional debt, incur liens, make investments, engage in mergers, dispositions or sale-leasebacks, engage in new lines of business or certain transactions with affiliates and change accounting policies or fiscal year.

Events of default under the MidCap Facility include, but are not limited to, failure to timely pay any amounts due and owing, a breach of certain covenants or any representations or warranties, the commencement of any bankruptcy or other insolvency

proceeding, judgments in excess of certain acceptable amounts, certain events related to ERISA matters, impairment of security interests in collateral or invalidity of guarantees or security documents, and a default or event of default under the New Centre Lane Facility or the Intercreditor Agreement.

Upon default, MidCap would have the right to declare all borrowings under the MidCap Facility to be immediately due and payable, together with accrued interest and fees, and exercise remedies under the other Financing Documents (as defined in the MidCap Facility).

#### ***Centre Lane Facilities***

On September 18, 2018, the Company refinanced and replaced its 4.5 year senior secured term loan facility with a four-year, \$35.0 million senior secured credit agreement with an affiliate of Centre Lane as Administrative Agent and Collateral Agent, and the other lenders from time to time party thereto (as amended, the "New Centre Lane Facility"). The New Centre Lane Facility requires payment of an annual administration fee of \$25,000. Borrowings under the New Centre Lane Facility bear interest at LIBOR (with a minimum rate of 2.5%) plus 10.0% per year, which is payable monthly in cash. The Company must repay an amount equal to 0.25% of the original aggregate principal amount of the New Centre Lane Facility in consecutive quarterly installments, beginning on December 31, 2018 through June 30, 2019. The Company must repay an amount equal to 0.50% of the original aggregate principal amount of the New Centre Lane Facility in consecutive quarterly installments, beginning on September 30, 2019.

The Company's obligations under the New Centre Lane Facility are guaranteed by all of its wholly owned domestic subsidiaries, subject to customary exceptions. The Company's obligations are secured by first priority security interests on substantially all of its assets and those of its wholly owned domestic subsidiaries. This includes 100% of the voting equity interests of the Company's domestic subsidiaries and directly owned foreign subsidiaries.

Beginning on September 19, 2019, the Company may voluntarily prepay the New Centre Lane Facility at any time or from time to time, in whole or in part, in a minimum amount of \$1.0 million of the outstanding principal amount, plus any accrued but unpaid interest on the aggregate principal amount being prepaid, plus a prepayment premium, to be calculated as follows (the "Prepayment Premium"):

<b>Period</b>	<b>Prepayment Premium as a Percentage of Aggregate Outstanding Principal Prepaid</b>
January 13, 2020 to January 13, 2021	2%
January 14, 2021 to January 13, 2022	1%
After January 13, 2022	0%

Subject to certain exceptions, the Company must prepay an aggregate principal amount equal to 75% of its Excess Cash Flow (as defined in the New Centre Lane Facility), minus the sum of all voluntary prepayments, within five business days after the date that is 90 days following the end of each fiscal year. The New Centre Lane Facility also requires mandatory prepayment of certain amounts in the event the Company or its subsidiaries receive proceeds from certain events and activities, including, among others, asset sales, casualty events, the issuance of indebtedness and equity interests not otherwise permitted under the New Centre Lane Facility and the receipt of tax refunds or extraordinary receipts in excess of \$500,000, plus, in certain instances, the applicable Prepayment Premium, calculated as set forth above.

The New Centre Lane Facility contains customary representations and warranties, as well as customary affirmative and negative covenants. The New Centre Lane Facility contains covenants that may, among other things, limit the Company's ability to incur additional debt, incur liens, make investments or capital expenditures, declare or pay dividends, engage in mergers, acquisitions and dispositions, engage in new lines of business or certain transactions with affiliates and change accounting policies or fiscal year.

The New Centre Lane Facility requires the Company to regularly provide financial information to the lenders, and, beginning on December 31, 2018, to maintain certain total leverage and fixed charge coverage ratios and meet minimum consolidated adjusted EBITDA and minimum liquidity requirements (each of which as defined in the New Centre Lane Facility). As of March 31, 2020 and December 31, 2019, the Company was in compliance with all of its financial covenants.

On January 13, 2020, the Company entered into a Third Amendment to the New Centre Lane Facility ("New Centre Lane Amendment") that, among other things, redefined and changed the minimum leverage ratio requirement to a minimum net

leverage ratio and changed the minimum consolidated Adjusted EBITDA and minimum liquidity requirements. In addition, the New Centre Lane Amendment increased the Prepayment Premium to 2% beginning on January 13, 2020 and to 1% beginning January 14, 2021 and thereafter. The New Centre Lane Amendment also waived the requirement to prepay future cash proceeds generated from the Company's Rights Offering and any event of default that would otherwise result from the failure to pay such amounts. The Company's expense related to the New Centre Lane Amendment was \$0.2 million and is included in general and administrative expenses on the condensed consolidated statement of operations in this Form 10-Q for the three months ended March 31, 2020.

Events of default under the New Centre Lane Facility include, but are not limited to, a breach of any of the financial covenants or any representations or warranties, failure to timely pay any amounts due and owing, the commencement of any bankruptcy or other insolvency proceeding, judgments in excess of certain acceptable amounts, the occurrence of a change in control, certain events related to ERISA matters and impairment of security interests in collateral or invalidity of guarantees or security documents.

Upon a default under the New Centre Lane Facility, the Company's senior secured lenders would have the right to accelerate the then-outstanding amounts under such facility and to exercise their rights and remedies to collect such amounts, which would include foreclosing on collateral constituting substantially all of the Company's assets and those of its subsidiaries. The Company's borrowing rate under the New Centre Lane Facility as of both March 31, 2020 and December 31, 2019 was 12.5%.

#### ***Letters of Credit and Bonds***

In line with industry practice, the Company is often required to provide letters of credit and payment and performance surety bonds to customers. These letters of credit and bonds provide credit support and security for the customer if the Company fails to perform its obligations under the applicable contract with such customer.

The MidCap Facility provides a sub-facility for up to \$6.0 million of non-cash collateralized letters of credit at 6.0% interest, of which the Company had \$0.9 million and \$1.8 million outstanding as of March 31, 2020 and December 31, 2019, respectively. There were no amounts drawn upon these letters of credit.

In addition, as of March 31, 2020 and December 31, 2019, the Company had outstanding payment and performance surety bonds of \$59.9 million and \$59.3 million, respectively.

#### ***Deferred Financing Costs***

Deferred financing costs are amortized over the terms of the related debt facilities using the effective yield method. The following table summarizes the amortization of deferred financing costs related to the Company's debt facilities and recognized in interest expense on the unaudited condensed consolidated statements of operations:

<b>(in thousands)</b>	<b>Three Months Ended March 31,</b>	
	<b>2020</b>	<b>2019</b>
New Centre Lane Facility	\$ 110	\$ 95
MidCap Facility	72	59
Total	\$ 182	\$ 154

The following table summarizes unamortized deferred financing costs on the Company's unaudited condensed consolidated balance sheets:

<b>(in thousands)</b>	<b>Location</b>	<b>March 31, 2020</b>	<b>December 31, 2019</b>
New Centre Lane Facility	Long-term debt, net	\$ 1,095	\$ 1,029
MidCap Facility	Other long-term assets	496	419
Total		\$ 1,591	\$ 1,448

## **NOTE 10—FINANCIAL INSTRUMENTS**

### ***Fair Value of Financial Instruments***

ASC 820—Fair Value Measurement defines fair value as the exit price, which is the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. ASC 820 also establishes a three-tier fair value hierarchy, which categorizes the inputs used in measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in the active markets for identical assets and liabilities and the lowest priority to unobservable inputs.

The Company's financial instruments as of March 31, 2020 and December 31, 2019 consisted primarily of cash and cash equivalents, restricted cash, receivables, payables and debt instruments. The carrying values of these financial instruments approximate their respective fair values, as they are either short-term in nature or carry interest rates that are periodically adjusted to market rates.

## **NOTE 11—COMMITMENTS AND CONTINGENCIES**

### ***Litigation and Claims***

The Company is from time to time party to various lawsuits, including personal injury claims and other proceedings that arise in the ordinary course of its business. With respect to all such lawsuits, claims and proceedings, the Company records a reserve when it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. The Company does not believe that the resolution of any currently pending lawsuits, claims and proceedings, either individually or in the aggregate, will have a material adverse effect on its financial position, results of operations or liquidity. However, the outcomes of any currently pending lawsuits, claims and proceedings cannot be predicted, and therefore, there can be no assurance that this will be the case.

The Company completed a bankruptcy filing of its Koontz-Wagner subsidiary in July 11, 2018. This could require the Company to incur legal fees and other expenses related to liabilities from this bankruptcy filing. While the Company does not anticipate these liabilities will have a material adverse effect on its results of operations, cash flows and financial position, there can be no assurance of the outcome. The filing was for Koontz-Wagner only, not for the Company as a whole, and was completely separate and distinct from the Williams business and operations. For additional information, please refer to "Note 5—Changes in Business" to the unaudited condensed consolidated financial statements.

## **NOTE 12—STOCK-BASED COMPENSATION PLANS**

During the first quarter of 2020, the Company granted 365,855 service-based restricted stock awards under the 2015 Equity Incentive Plan, as amended and restated on June 10, 2019 (the "2015 Plan") at a grant date fair value of \$1.23 per share to its five non-employee directors, which vest in full on March 13, 2021. The fair value of these service-based restricted stock units represents the closing price of the Company's common stock on the date of grant.

During the first quarter of 2019, the Company granted 130,612 service-based restricted stock awards out of treasury stock at a grant date fair value of \$2.45 per share to its four non-employee directors, vesting in four equal annual installments, one of which occurred on January 22, 2020 and the three remaining on January 22 of each of 2021, 2022 and 2023.

During the first quarter of 2019, the Company granted 21,500 service-based restricted stock units and 21,500 performance-based restricted stock units, both out of treasury stock, at a grant date fair value of \$2.60 per share and \$0.75 per share, respectively. The service-based restricted stock units will vest ratably over a period of three years; the performance-based restricted stock units will vest, in whole or in part, if the stock price goal is met on or before June 30, 2021. The fair value of the service-based restricted stock units represents the closing price of the Company's common stock on the date of grant. The fair value of the performance-based restricted stock units is estimated using the Monte Carlo simulation model.

Stock-based compensation expense for the three months ended March 31, 2020 and 2019 was \$0.5 million and \$0.3 million, respectively, and was included in general and administrative expenses on the Company's unaudited condensed consolidated statements of operations.

**NOTE 13—SUBSEQUENT EVENTS**

On March 31, 2020, the Company granted awards under the 2020 long-term incentive program, with a total target award opportunity equal to \$2.9 million, which was converted to 580,312 service-based restricted stock units and 1,178,213 performance-based restricted stock units under the 2015 Plan using a conversion price of \$1.67 per share. These equity awards had a grant date fair value of \$1.22 per share, which was the closing price on March 31, 2020, and have the potential to be settled in shares or cash at the election of the Compensation Committee of the Board of Directors. The service-based restricted stock units will vest in equal annual installments over a period of three years; the performance-based restricted stock units are earned based on the extent to which the Company achieves annual performance objectives during the three-year period commencing January 1, 2020, with threshold performance resulting in awards earned at 50% of the target award opportunity and maximum performance resulting in awards earned at 200% of the target, and, to the extent earned, shall vest on March 31, 2023.

On May 12, 2020, the Board amended the 2015 Plan to increase the maximum number of shares of Common Stock available for settlement of awards by 1,500,000 shares. The April 27, 2020 and May 12, 2020 amendments to the 2015 Plan were intended to provide the Company with shares to (i) settle all outstanding equity awards outstanding under the 2019 and 2020 long-term incentive plans in shares rather than cash, and (ii) fund the equity portion of the non-employee director compensation program for 2021.

The Company is closely monitoring the impact of the COVID-19 pandemic on all aspects of our business and geographies, including how it may impact the Company's employees, its customers, its vendors and contractors. While the Company did not experience significant disruptions during the three months ended March 31, 2020 from COVID-19, in April 2020 it experienced a temporary closure on an energy and industrial project in New York and a slight decrease to revenue as a result of a labor reduction on a nuclear power project in Georgia. Although the Company anticipates that its future operations, including the results for 2020, will be impacted by the COVID-19 pandemic, the Company is unable to predict the ultimate impact that the COVID-19 pandemic will have on its financial position, operating results, ability to obtain future financing, the impact to its customers and demand for its services due to numerous uncertainties.

**Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.**

***Cautionary Statement Regarding Forward-Looking Statements***

This Form 10-Q and its exhibits contain or incorporate by reference various forward-looking statements that express a belief, expectation or intention or are otherwise not statements of historical fact. Forward-looking statements generally use forward-looking words, such as “may,” “will,” “could,” “should,” “would,” “project,” “believe,” “anticipate,” “expect,” “estimate,” “continue,” “potential,” “plan,” “forecast” and other words that convey the uncertainty of future events or outcomes. These forward-looking statements are not guarantees of our future performance and involve risks, uncertainties, estimates and assumptions that are difficult to predict. Therefore, our actual outcomes and results may differ materially from those expressed in these forward-looking statements. Investors should not place undue reliance on any of these forward-looking statements. Except as required by law, we undertake no obligation to further update any such statements, or the risk factors described in our 2019 Report under the heading “Part I—Item 1A. Risk Factors,” to reflect new information, the occurrence of future events or circumstances or otherwise. The forward-looking statements in this Form 10-Q do not constitute guarantees or promises of future performance. Forward-looking statements may include information concerning the following, among other items:

- our level of indebtedness;
- our ability to make interest and principal payments on our debt and satisfy the financial and other covenants contained in the New Centre Lane Facility and the MidCap Facility;
- our ability to engage in certain transactions and activities due to limitations and covenants contained in the New Centre Lane Facility and the MidCap Facility;
- our ability to enter into new lending facilities, if needed, and to obtain adequate surety bonding and letters of credit;
- our ability to generate sufficient cash resources to continue funding operations, including investments in working capital required to support growth-related commitments that we make to our customers, and the possibility that we continue to incur further losses from operations in the future;
- the possibility that our independent registered public accounting firm fails to stand for reappointment;
- exposure to market risks from changes in interest rates, including changes to or replacement of LIBOR;
- the possibility we may be required to write-down additional amounts of goodwill and other indefinite-lived assets;
- failure to maintain effective internal control over financial reporting and disclosure controls and procedures in the future;
- changes in our senior management and financial reporting and accounting teams, the ability of such persons to successfully perform their roles, and our ability to attract and retain qualified personnel, skilled workers and key officers;
- a failure to successfully implement or realize our business strategies, plans and objectives of management, and liquidity, operating and growth initiatives and opportunities;
- the loss of one or more of our significant customers;
- our competitive position;
- market outlook and trends in our industry, including the possibility of reduced investment in, or increased regulation of, nuclear power plants;
- costs exceeding estimates we use to set fixed-price contracts;
- harm to our reputation or profitability due to, among other things, internal operational issues, poor subcontractor performances or subcontractor insolvency;
- potential insolvency or financial distress of third parties, including our customers and suppliers;
- our contract backlog and related amounts to be recognized as revenue;
- our ability to maintain our safety record;
- changes in our credit profile and market conditions affecting our relationships with suppliers, vendors and subcontractors;
- compliance with environmental, health, safety and other related laws and regulations;
- expiration of the Price-Anderson Act’s indemnification authority;
- our expected financial condition, future cash flows, results of operations and future capital and other expenditures;
- the impact of general economic conditions;
- the impact of the COVID-19 pandemic on revenues, expenses, uncollectible accounts, capital investment programs, cash flows, liquidity, maintenance of existing assets, and other operating expenses;
- the potential for a COVID-19 outbreak to occur at, or otherwise affect, our project sites, which would negatively impact project completion and could increase the possibility of work stoppages;

- information technology vulnerabilities and cyberattacks on our networks;
- our failure to comply with applicable laws and regulations, including, but not limited to, those relating to privacy and anti-bribery;
- our participation in multiemployer pension plans;
- the impact of any disruptions resulting from the expiration of collective bargaining agreements;
- availability of raw materials and inventories;
- the impact of natural disasters and other severe catastrophic events;
- future income tax payments and utilization of net operating loss and foreign tax credit carryforwards, including any impact relating to the Tax Cuts and Jobs Act of 2017 or other tax changes;
- future compliance with orders of and agreements with regulatory agencies;
- volatility of the market price for our common stock and our stockholders' ability to resell their shares of common stock;
- our ability to pay cash dividends in the future;
- the impact of activist shareholder actions;
- the impact of future offerings or sales of our common stock on the market price of such stock;
- expected outcomes of legal or regulatory proceedings and their expected effects on our results of operations, including future liabilities, fees and expenses resulting from the Koontz-Wagner bankruptcy filing; and
- any other statements regarding future growth, future cash needs, future operations, business plans and future financial results.

These forward-looking statements represent our intentions, plans, expectations, assumptions and beliefs about future events and are subject to risks, uncertainties and other factors, including unpredictable or unanticipated factors that we have not discussed in this Form 10-Q. In addition, some of these risks, uncertainties and other factors have been, and may further be, exacerbated by the COVID-19 pandemic. Many of those factors are outside of our control and could cause actual results to differ materially from the results expressed or implied by the forward-looking statements.

In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements might not occur or might occur to a different extent or at a different time than we have described. Investors should consider the areas of risk and uncertainty described above, as well as those discussed in the 2019 Report under the heading "Part I—Item 1A. Risk Factors" and under "Part II—Item 1A. Risk Factors" of this Form 10-Q. Except as may be required by applicable law, we undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, and we caution investors not to rely upon them unduly.

The following discussion provides an analysis of the results of continuing operations, an overview of our liquidity and capital resources and other items related to our business. Unless otherwise specified, the financial information and discussion in this Form 10-Q are as of and for the three months ended March 31, 2020 and are based on our continuing operations; they exclude any results of our discontinued operations. Please refer to "Note 5—Changes in Business" to the unaudited condensed consolidated financial statements included in this Form 10-Q for additional information on our discontinued operations.

This discussion and analysis should be read in conjunction with our unaudited condensed consolidated financial statements and notes thereto included in this Form 10-Q and our audited consolidated financial statements and notes thereto included in the 2019 Report.

### ***Backlog***

The services we provide are typically carried out under construction contracts, long-term maintenance contracts and master service agreements. Total backlog represents the dollar amount of revenue expected to be recorded in the future for work performed under awarded contracts.

Revenue estimates included in our backlog can be subject to change as a result of project accelerations, cancellations or delays due to various factors, including, but not limited to, the customer's budgetary constraints and adverse weather. These factors can also cause revenue amounts to be recognized in different periods and at levels other than those originally projected. Additional work that is not identified under the original contract is added to our estimated backlog when we reach an agreement with the customer as to the scope and pricing of that additional work. Backlog is reduced as work is performed and revenue is recognized, or upon cancellation.

Backlog is not a measure defined by GAAP, and our methodology for determining backlog may vary from the methodology

used by other companies in determining their backlog amounts. Backlog may not be indicative of future operating results and projects in our backlog may be cancelled, modified or otherwise altered by our customers. We utilize our calculation of backlog to assist in measuring aggregate awards under existing contractual relationships with our customers. We believe our backlog disclosures will assist investors in better understanding this estimate of the services to be performed pursuant to awards by our customers under existing contractual relationships.

The following tables summarize our backlog:

(in thousands)	March 31, 2020		December 31, 2019	
Cost plus	\$	443,632	\$	463,481
Lump sum		24,772		31,423
Total	\$	468,404	\$	494,904

(in thousands)	Three Months Ended March 31, 2020	
Backlog - beginning of period	\$	494,904
New awards		23,233
Adjustments and cancellations, net		16,414
Revenue recognized		(66,147)
Backlog - end of period	\$	468,404

Total backlog as of March 31, 2020 was \$468.4 million, compared with \$494.9 million at December 31, 2019. The decrease in backlog was primarily due to the completion of several projects and continued progress on existing long-term contracts during the first three months of 2020. We estimate that approximately \$184.7 million, or 39.4% of total backlog at March 31, 2020, will be converted to revenue within the next twelve months. As of December 31, 2019, we estimated that approximately \$191.3 million, or 38.7% of total backlog, would convert to revenue in 2020.

### Results of Operations

The Company continues to monitor several factors that may cause actual results of operations and financial results to differ from our historical results or current expectations. These factors include: the impact of the COVID-19 pandemic, the consequences of governmental and other measures designed to prevent the spread of the virus, and the development of effective treatments, along with the duration of the outbreak. These and other factors could affect the Company's operational results to not be comparable to those of the same period in previous years.

In addition, federal and state governments have increased spending as part of efforts to mitigate the impact of COVID-19 on the economy. The amount and timing of such spending will be directly impacted by the duration of required efforts to contain COVID-19 and the severity of the negative impacts created by the virus and its effect on the economy. The results presented in this Form 10-Q are not necessarily indicative of future operating results.

The following summary and discussion of our results of operations is based on our continuing operations and excludes any results of our discontinued operations:

(in thousands)	Three Months Ended March 31,			
	2020		2019	
Revenue	\$	66,147	\$	50,652
Cost of revenue		59,238		43,970
Gross profit		6,909		6,682
Selling and marketing expenses		138		240
General and administrative expenses		6,200		4,762
Depreciation and amortization expense		41		72
Total operating expenses		6,379		5,074
Operating income		530		1,608
Interest expense, net		1,533		1,474
Other (income) expense, net		(122)		(325)
Income (loss) from continuing operations before income tax		(881)		459
Income tax expense		48		64
Income (loss) from continuing operations	\$	(929)	\$	395

Revenue for the three months ended March 31, 2020 increased \$15.5 million, or 30.6%, compared with the corresponding period in 2019. Our expansion into the Canadian nuclear market contributed \$7.1 million of incremental revenue. We also experienced a \$4.6 million increase in our decommissioning business as we continue to diversify the end markets we serve. Additionally, we saw a \$2.5 million increase in recurring revenue related to specific multi-year project at Plant Vogtle.

Gross profit for the three months ended March 31, 2020 increased by \$0.2 million, or 3.4%, compared with the corresponding period in 2019, while gross margin declined to 10.4% from 13.2%. The increase in gross profit reflects favorable results in our nuclear markets offset in part by our energy delivery and wastewater treatment markets related to project startup delays. The decrease in gross margin reflects the impact of our startup costs related to decommissioning and project scheduling delays related to our wastewater and energy delivery markets. Additionally, we incurred increased close out costs on a fixed price project which had a \$0.2 million negative impact on gross margin.

Operating income for the three months ended March 31, 2020 decreased by \$1.1 million, or 67.0%, compared with the corresponding period in 2019, due primarily to an increase in general and administrative expenses resulting from the timing of professional fees and other expenses.

*General and Administrative Expenses*

(\$ in thousands)	Three Months Ended March 31,	
	2020	2019
Employee-related expenses	\$ 2,872	\$ 2,497
Stock-based compensation expense	471	305
Professional fees	1,295	665
Other expenses	1,562	1,295
Total	\$ 6,200	\$ 4,762

Total general and administrative expenses for the three months ended March 31, 2020 increased \$1.4 million, or 30.2%, compared with the corresponding period in 2019. For the three months ended March 31, 2020, employee-related expenses increased \$0.4 million primarily driven by an increase in incentive compensation compared with the corresponding period in 2019. Stock-based compensation expense increased \$0.2 million for the three months ended March 31, 2020, compared with the corresponding period in 2019. Professional fees increased \$0.6 million for the three months ended March 31, 2020, compared with the corresponding period in 2019, primarily due to an increase in consulting fees for business development and project management training and an increase in audit related fees. Other expenses increased \$0.3 million for the three months ended March 31, 2020 due to a \$0.5 million increase in other costs, none of which were individually significant. These increases in other expenses were partially offset by a \$0.2 million decrease in bad debt expense compared with the corresponding period in 2019.

*Other (Income) Expense, Net*

(\$ in thousands)	Three Months Ended March 31,	
	2020	2019
Interest expense, net	\$ 1,533	\$ 1,474
Other income, net	(122)	(325)
Total	\$ 1,411	\$ 1,149

Total other expense, net, for the three months ended March 31, 2020 increased \$0.3 million, or 22.8%, compared with the corresponding period in 2019, primarily due to a decrease of foreign currency exchange gains of \$0.2 million related to our Canadian business. This was offset by an immaterial increase in interest expense, net.

*Income Tax Expense (Benefit)*

(\$ in thousands)	Three Months Ended March 31,	
	2020	2019
Income tax expense	\$ 48	\$ 64

Income tax expense for the interim periods is based on estimates of the effective tax rate for the entire fiscal year. The effective income tax rate is based upon the estimated income during the calendar year, the estimated composition of the income in different jurisdictions and discrete adjustments, if any, in the applicable quarterly periods for settlements of tax audits or assessments and the resolution or identification of tax position uncertainties.

For the three months ended March 31, 2020, we recorded income tax expense from continuing operations of less than \$0.1 million, or (5.4)% of pretax loss from continuing operations compared with income tax expense from continuing operations of \$0.1 million, or 13.9% of pretax income from continuing operations in the corresponding period of 2019. The difference between our effective tax rate and the federal statutory tax rate for the three months ended March 31, 2020 and 2019 primarily related to the partial valuation allowance recorded on our U.S. deferred tax assets. The decrease in income tax provision from continuing operations for the three months ended March 31, 2020 compared to the corresponding period in 2019 was primarily the result of the \$0.1 million decrease in the indefinite-lived intangible deferred tax liabilities, partially offset by the increase in indefinite-lived deferred tax assets related to the interest expense addback under Section 163(j) of the Internal Revenue Code and the post-2017 U.S. net operation loss.

### Discontinued Operations

See “Note 5—Changes in Business” to the unaudited condensed consolidated financial statements included in this Form 10-Q for information regarding discontinued operations.

### Liquidity and Capital Resources

During the three months ended March 31, 2020, our principal sources of liquidity were proceeds received from our recently completed Rights Offering, which expired March 2, 2020, pursuant to which we issued 5,384,615 shares of our common stock and received net proceeds of \$6.6 million, borrowings under the MidCap Facility (as MidCap has dominion over our accounts receivable collection depository bank accounts) and effective management of our working capital. Our principal uses of cash were to pay for customer contract-related material, labor and subcontract labor, operating expenses, and interest expense on the New Centre Lane Facility and the MidCap Facility. See discussion in “Note 9—Debt” to the condensed consolidated financial statements included in this Form 10-Q for additional information about the New Centre Lane Facility and the MidCap Facility.

### Net Cash Flows

Our net consolidated cash flows, including cash flows related to discontinued operations, consisted of the following:

(in thousands)	Three Months Ended March 31,	
	2020	2019
Cash flows provided by (used in):		
Operating activities	\$ (3,039)	\$ 2,358
Investing activities	(42)	(68)
Financing activities	1,572	(3,440)
Effect of exchange rate changes on cash	(136)	—
Net change in cash, cash equivalents and restricted cash	\$ (1,645)	\$ (1,150)

### Cash and Cash Equivalents

As of March 31, 2020, our operating unrestricted cash and cash equivalents decreased by \$1.6 million to \$5.7 million from \$7.4 million as of December 31, 2019. As of March 31, 2020, \$4.3 million of operating cash was held in U.S. bank accounts and \$1.4 million was held in Canada.

### Operating Activities

Cash used in operating activities was \$3.0 million for the three months ended March 31, 2020, a net change of \$5.4 million compared with \$2.4 million of cash provided by operating activities in the corresponding period in 2019. The net change of \$5.4 million in cash used for operating activities was the result of a \$1.3 million increase in net loss and a net increase in working capital of \$4.1 million. The comparative period over period increase of \$4.1 million in working capital was the result of a \$9.1 million reduction in accounts payable and a \$6.5 million increase in contract assets, offset in part by a \$7.8 million decrease in accounts receivable on improved collections and a \$3.7 million increase in accrued liabilities.

### **Investing Activities**

Cash flows from investing activities were insignificant for the three months ended March 31, 2020, consistent with the corresponding period in 2019.

### **Financing Activities**

The MidCap Facility grants the lender dominion over our depository bank accounts. As such, our weekly borrowings under the MidCap Facility are our primary source of liquidity. During the first three months of 2020, our repayments from customer cash receipts under the MidCap Facility exceeded our borrowings by \$4.5 million. At any point in time, the outstanding balance under the MidCap Facility is a function of the timing of collections of our customer cash receipts and the timing of our cash expenditure needs for the following week for payment of trade payable obligations and payroll and related tax obligations.

The Company entered into a third amendment on January 13, 2020 to change the terms of the MidCap Facility to increase borrowing capacity by \$10.0 million to \$25.0 million and extend the maturity of the MidCap Facility by one year to October 11, 2022. In addition, the structure of New Centre Lane Facility, our \$35.0 million term loan, has been simplified through consolidation under the lead lender. Terms governing the MidCap Facility and the New Centre Lane Facility were amended to accommodate the Company's growth strategy. For additional information about our outstanding debt, including our outstanding term loan, please refer to "Note 9—Debt" to the unaudited condensed consolidated financial statements included in this Form 10-Q.

In March 2020, we successfully completed our Rights Offering which expired March 2, 2020, pursuant to which we issued 5,384,615 shares of our common stock and received net proceeds of \$6.6 million.

### **Effect of Exchange Rate Changes on Cash**

For the three months ended March 31, 2020, the effect of Canadian foreign exchange rate changes on our cash balances was not material.

### **Dividends**

We have not paid dividends to holders of our common stock since March 2015, and do not anticipate declaring dividends in the near term. As of March 31, 2020, the terms of the New Centre Lane Facility and MidCap Facility restricted our ability to pay dividends. In addition, declaration and payment of future dividends would depend on many factors, including, but not limited to, our earnings, financial condition, business development needs and regulatory considerations, and is at the discretion of our Board of Directors.

### **Liquidity Outlook**

Overall, we expect liquidity to continue to improve through 2020 as a result of exiting our former loss-generating businesses and reducing our ongoing operating expenses. However, we may experience periodic short-term constraints on our liquidity as a result of the cash flow requirements of specific projects. A high percentage of our cost of service comes from weekly craft labor payrolls, and the lag between incurrence of those payrolls and the subsequent collection of the resulting customer billings results in negative cash flows for that lag period. Although we utilize the MidCap Facility to address those lag period negative cash flows, contract terms restricting customer invoicing frequency, delays in customer payments, and underlying surety bonds negatively impact our availability under the MidCap Facility. Additionally, we anticipate the remaining cash expenditures resulting from our 2018 restructuring plan will be related to the pension liability recorded as a result of the Koontz-Wagner bankruptcy. The pension liability is expected to be satisfied by annual cash payments of \$0.3 million each, paid in quarterly installments, over the next twenty years.

We believe that we have sufficient resources to satisfy our 2020 working capital requirements, as we amended our existing credit facilities with Centre Lane and MidCap on January 13, 2020, as described above. In addition, we successfully completed our Rights Offering, which expired March 2, 2020, pursuant to which we issued 5,384,615 shares of our common stock and received net proceeds of \$6.6 million. Due to oversubscriptions under the Rights Offering, Wynnefield Capital, Inc., was not required to backstop the Rights Offering. We are using the net proceeds from the Rights Offering, combined with the additional borrowing capacity provided by our amended MidCap Facility, for working capital and general corporate purposes to fund certain of our strategic growth initiatives. In the event that we are unable to address potential liquidity shortfalls in the future,

management will need to seek additional funding, which may not be available on reasonable terms, if at all, and may result in management concluding that our liquidity position raises substantial doubt about our ability to continue as a going concern.

While we have been affected by the COVID-19 pandemic, we currently cannot predict the ultimate impact of the COVID-19 pandemic on our business, results of operations, financial condition and cash flows, as such impact is dependent on future developments, including the duration of the pandemic and the related length of its impact on the global economy, which are uncertain and cannot be predicted at this time. In April 2020, the Company experienced a temporary suspension for projects in New York and a labor reduction for projects in Georgia. For additional information, please refer to Note 13—Subsequent Events to the unaudited condensed consolidated financial statements. Our liquidity, as well as our ability to satisfy our working capital requirements, may be adversely affected to some degree by the COVID-19 pandemic. We currently believe that the impact of COVID-19 will not negatively impact our ability to comply with the covenants under our existing credit facilities. However, we cannot provide any assurance that the assumptions used to estimate our liquidity requirements will remain accurate due to the unprecedented nature and the unpredictability of the COVID-19 global pandemic and its potential impact on us and our customer base. As a consequence, our estimates of the duration of the pandemic and its impact on our future earnings and cash flows could change and have a material impact on our results of operations and financial condition.

For additional information, please refer to “Note 2—Liquidity” to the unaudited condensed consolidated financial statements included in this Form 10-Q.

#### ***Off-Balance Sheet Transactions***

Our liquidity is currently not dependent on the use of off-balance sheet transactions but, in line with industry practice, we are often required to provide payment and performance surety bonds to customers and may be required to provide letters of credit. If performance assurances are extended to customers, generally our maximum potential exposure is limited in the contract with our customers. We frequently obtain similar performance assurances from third-party vendors and subcontractors for work performed in the ordinary course of contract execution. However, the total costs of a project could exceed our original cost estimates, and we could experience reduced gross profit or possibly a loss for a given project. In some cases, if we fail to meet certain performance standards, we may be subject to contractual liquidated damages.

As of March 31, 2020, we had a contingent liability for issued and outstanding standby letters of credit, generally issued to secure performance on customer contracts. As of March 31, 2020, we had \$0.9 million of outstanding standby letters of credit and there were no amounts drawn upon these letters of credit. In addition, as of March 31, 2020, we had outstanding surety bonds of \$59.9 million. Our subsidiaries also provide financial guarantees for certain contractual obligations in the ordinary course of business.

#### ***Critical Accounting Policies and Use of Estimates***

There have been no material changes to our critical accounting policies as set forth in “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations,” included in our 2019 Report.

#### **Item 3. Quantitative and Qualitative Disclosures About Market Risk.**

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and are not required to provide the information required under this item.

#### **Item 4. Controls and Procedures .**

Disclosure controls and procedures are those controls and procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act are 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 our reports filed under the Exchange Act is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure. The Company’s management, under the supervision of our Chief Executive Officer and our Chief Financial Officer, evaluated the effectiveness of the Company’s disclosure controls and procedures as of the end of the period covered by this Form 10-Q. Based on that evaluation our Chief Executive Officer and Chief Financial Officer concluded that as of that date, the Company’s disclosure controls and procedures were effective.

### **Changes in Internal Control over Financial Reporting**

Under the applicable SEC rules, management is required to evaluate any changes in internal control over financial reporting that occurred during each fiscal quarter that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

As discussed in “Item 9A. Controls and Procedures” of the 2019 Report, we designed a remediation plan to strengthen our financial reporting and accounting functions and have taken remediation steps to address these material weaknesses. We also continue to take meaningful steps to enhance our disclosure controls and procedures and our internal control over financial reporting by strengthening our financial reporting and accounting functions.

While we continue to implement design enhancements to our internal control procedures, we believe there were no changes to our internal control over financial reporting which were identified in connection with the evaluation required by paragraph (d) of Rules 13a-15 and 15d-15 under the Exchange Act during the first quarter of 2020 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## **Part II—OTHER INFORMATION**

### **Item 1. Legal Proceedings.**

The information included in “Note 5—Changes in Business—Discontinued Operations—Electrical Solutions” and “Note 11—Commitments and Contingencies” to the unaudited condensed consolidated financial statements in this Form 10-Q is incorporated by reference into this Item.

### **Item 1A. Risk Factors.**

Our business faces significant risks and uncertainties. Certain important factors may have a material adverse effect on our business prospects, financial condition and results of operations, and you should carefully consider them. There have not been any material changes to our risk factors from those reported in our 2019 Report, except as set forth below.

***The COVID-19 pandemic has affected, and may adversely affect, our business, operating and financial results, and liquidity, and could continue to have a material and adverse effect on our business, results of operations and financial condition in the future.***

In March of 2020, the World Health Organization declared the COVID-19 outbreak a pandemic, and the President of the United States declared the outbreak a national emergency. In response to the COVID-19 pandemic, federal, provincial, state, county and local governments and public health organizations and authorities around the world have implemented a variety of measures intended to control the spread of the virus, including quarantines, “shelter-in-place,” “stay-at-home” and similar orders, travel restrictions, school closures, business curtailments and closures, social distancing and hygiene requirements, and other measures.

We anticipate that our future results of operations, including the results for 2020, will be impacted by the COVID-19 outbreak, but at this time we do not currently expect that the impact from the COVID-19 outbreak will have a material effect on our liquidity or financial position. The severity, magnitude and duration of the current COVID-19 outbreak is uncertain, rapidly changing and hard to predict. While the full impact of this virus and the long-term worldwide reaction to it and impact from it remains unknown at this time, government reaction to the pandemic and restrictions and limitations applied by the government as a result, continued widespread growth in infections, travel restrictions, quarantines, or site closures as a result of the virus could, among other things, impact the ability of our employees and our contractors to perform their duties, cause increased technology and security risk due to extended and company-wide telecommuting, lead to disruptions in our supply chain (including necessary vendors or service providers), lead to a disruption in our infrastructure acquisition or permitting activities and cause disruption in our relationship with our customers.

For example, as a result of the pandemic and various governmental orders, a significant number of our corporate, accounting and finance employees are currently working remotely, and we have altered our operations to allow for appropriate social distancing and hygiene, which could lead to decreased efficiency and productivity in our workforce and our operations. In addition, management is focused on mitigating the effects of the COVID-19 pandemic, which has required and will continue to require a large investment of time, energy, resources and focus. In April 2020, we experienced a temporary closure on an energy and industrial project in New York and a slight decrease to revenue resulting from a labor reduction for a nuclear project

in Georgia. For additional information, Note 13—Subsequent Events” to the unaudited condensed consolidated financial statements. The extent to which the COVID-19 pandemic impacts us will depend on numerous evolving factors and future developments that are uncertain and that we are not able to predict, including the following (all of which are highly uncertain and cannot be predicted):

- the severity of the virus;
- the ultimate duration and scope of the pandemic;
- governmental, business, individual and other actions taken in response to the pandemic;
- the effect on our suppliers and disruptions to the global supply chain;
- the impact on economic activity;
- the extent and duration of the impact on the economy and spending;
- the effect on our customers and their ability to pay for our services;
- the effect of any closures or other changes in operations of our and our suppliers’ or customers’ facilities;
- the health of and the effect on our employees and our ability to meet staffing needs in our construction and other critical functions, particularly if employees become ill, are quarantined as a result of exposure, or are reluctant to show up for work;
- our ability to provide services, including as a result of travel restrictions, work from home requirements and arrangements, and other restrictions or changes in behavior or preferences for interactions;
- the effect on employee healthcare costs;
- restrictions or disruptions to transportation;
- the potential effects on our internal controls, including those over financial reporting, as a result of changes in working arrangements that are applicable to our employees and business partners; and
- the effect on our ability to access capital on favorable terms and continue to meet our liquidity needs, as well as our ability to remain in compliance with the covenants of our debt facilities.

Additionally, the COVID-19 outbreak has significantly impacted economic activity and markets around the world, and COVID-19 or another similar outbreak could negatively impact our business in numerous ways, including, but not limited to, the following:

- our revenue may be reduced if the outbreak results in an extended economic downturn or recession, as many experts predict, to the extent our customers are materially negatively impacted or it leads to a prolonged decrease in the demand for natural gas, to a lesser extent, natural gas liquids and/or crude oil;
- our operations may be disrupted or impaired if a significant portion of our employees or our contractors are unable to work due to illness or if our operations are suspended or temporarily shut-down or restricted due to control measures designed to contain the pandemic or a specific outbreak;
- the operations of our upstream counterparties, our suppliers, and our vendors may be curtailed by many of the same challenges we face and, as such, may not be able to meet their minimum volume delivery obligations under their agreements with us and further, because of these challenges, and
- the disruption and instability in the financial markets and the uncertainty in the general business environment may affect opportunities to enhance our liquidity position and long-term financial flexibility.

Even after the COVID-19 pandemic has subsided, we may continue to experience adverse impacts to our business as a result of any economic recession that has occurred or may occur in the future.

To the extent the COVID-19 pandemic adversely affects our business and financial results, it may also have the effect of heightening many of the other risks set forth in Item 1A “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2019 and in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2020, such as those relating to our financial performance and debt obligations. The rapid development and fluidity of this situation precludes any prediction as to the ultimate adverse impact of COVID-19 on our business, including those set forth above.

We currently cannot predict the ultimate impact of the COVID-19 pandemic on our business, results of operations, financial condition and cash flows, as such impact is dependent on future developments, including the duration of the pandemic and the related length of its impact on the global economy, which are uncertain and cannot be predicted at this time. We and our liquidity, as well as our ability to satisfy our working capital requirements, may be adversely affected to some degree by the COVID-19 pandemic. We currently believe that the impact of COVID-19 on us will not negatively impact our ability to comply with the covenants under our existing credit facilities. However, we cannot provide any assurance that the assumptions used to estimate our liquidity requirements will remain accurate due to the unprecedented nature and the unpredictability of the

COVID-19 global pandemic and its potential impact on us and our customer base. As a consequence, our estimates of the duration of the pandemic and its impact on our future earnings and cash flows could change and have a material impact on our results of operations and financial condition.

**Item 5. Other Information**

The 2015 Equity Plan was adopted by the Board of Directors on January 29, 2015, and, on May 8, 2015, our stockholders approved the 2015 Plan at our 2015 annual meeting. As adopted, 1,000,000 shares of our Common Stock were authorized for issuance pursuant to awards granted under the 2015 Plan. On June 10, 2019, the Plan was amended and restated to increase the maximum number of shares of Common Stock available for issuance of awards by 1,000,000 shares, to 2,000,000 shares and to make certain administrative updates. On April 27, 2020, the Board amended the 2015 Plan to provide that any shares withheld for taxes upon exercise or vesting of an award on or after March 31, 2020 will again be available for issuance under the Plan.

As of May 7, 2020, there were approximately 236,000 shares under the 2015 Plan that will be used to settle outstanding equity awards. In this regard, the Company previously granted time-based and performance-based restricted share units to its employees under the 2015 Plan in connection with the 2019 and 2020 long-term incentive plans. If earned, the intent is for the Company to settle these awards in shares, although the Compensation Committee of the Board of Directors retains the discretion to settle these awards in cash. Based on certain assumed stock prices (and achievement of any applicable performance goals at “target”), the Company would be obligated to deliver approximately 1,495,000 additional shares under the 2015 Plan to satisfy outstanding obligations under the 2019 and 2020 long-term incentive plans (net of shares used to satisfy tax withholding obligations) and projected equity grants to its non-employee directors in 2021.

As a result, on May 12, 2020, the Board amended the 2015 Plan to increase the maximum number of shares of Common Stock available for settlement of awards by 1,500,000 shares. The Board of Directors considers equity-based compensation an essential tool to attract, motivate and retain officers, key employees and directors and to align their interests with the interests of stockholders. The April 27, 2020 and May 12, 2020 amendments to the 2015 Plan were intended to provide the Company with shares to (i) settle all outstanding equity awards outstanding under the 2019 and 2020 long-term incentive plans in shares rather than cash, and (ii) fund the equity portion of the non-employee director compensation program for 2021.

If the Company does not settle outstanding awards under the 2019 and 2020 long-term incentive plans in shares, then it will be required to pay them in cash. Moreover, if the Company is unable to grant non-employee director equity awards in the future, it may be required to increase the cash component of the director compensation mix, which would inhibit its ability to meet its compensation objectives, including aligning directors’ interests with the interests of stockholders. As a result, the Board of Directors believed that it was in the best interests of the Company and its stockholders to approve the amendments described above. Because the Company is not listed on a national securities exchange, it is not required to seek stockholder approval of the amendments.

**Item 6. Exhibit s.**

<b>Exhibit</b>	<b>Description</b>
10.1	<a href="#">Third Amendment to Senior Secured Credit Agreement, dated as of January 13, 2020, by and among the Company, as Borrower, the lenders from time to time party thereto and Centre Lane Partners Master Credit Fund II, L.P., as Administrative Agent and Collateral Agent (filed as Exhibit 10.19 to our Form 10-K filed with the Commission on March 27, 2020 and incorporated herein by reference).</a>
10.2	<a href="#">Amendment No. 3 to Credit and Security Agreement, dated as of January 13, 2020, by and among the Company and the other borrowers from time to time party thereto, as Borrowers, MidCap Funding IV Trust, as Agent and as a Lender, and the additional lenders from time to time party thereto (filed as Exhibit 10.23 to our Form 10-K filed with the Commission on March 27, 2020 and incorporated herein by reference).</a>
10.3*	<a href="#">Form of Restricted Shares Award Agreement (dated March 13, 2020) (filed as Exhibit 10.38 to our Form 10-K filed with the Commission on March 27, 2020 and incorporated herein by reference).</a>
10.4*	<a href="#">Form of Time-Based Award Agreement (March 31, 2020).</a> ◆
10.5*	<a href="#">Form of Performance-Based Award Agreement (March 31, 2020).</a> ◆
10.6*	<a href="#">2015 Equity Incentive Plan (as amended and restated as of May 12, 2020).</a> ◆
31.1	<a href="#">Certification by the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a> ◆
31.2	<a href="#">Certification by the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a> ◆
32.1	<a href="#">Certification by the Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).</a>
32.2	<a href="#">Certification by the Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).</a>
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 Labels Linkbase Document◆
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document◆

\*Indicates a management contract or compensatory plan or arrangement.

◆ Filed herewith.

**SIGNATURE S**

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.

WILLIAMS INDUSTRIAL SERVICES GROUP INC.

Date: May 13, 2020

By: /s/ Randall R. Lay  
Randall R. Lay  
Senior Vice President and Chief Financial Officer  
(Duly authorized officer and principal financial and accounting officer of  
the registrant)

**WILLIAMS INDUSTRIAL SERVICES GROUP INC.  
TIME-BASED RESTRICTED SHARE UNIT AGREEMENT**

Notice of Restricted Share Unit Award

Williams Industrial Services Group Inc. (the “Company”) grants to the Grantee named below, in accordance with the terms of the Williams Industrial Services Group Inc. 2015 Equity Incentive Plan (the “Plan”) and this Time-Based Restricted Share Unit Agreement (the “Agreement”), the number of Restricted Share Units set forth below, as of the Date of Grant set forth below. Capitalized terms used in this Agreement without definition shall have the meanings assigned to them in the Plan.

Name of Grantee:	[ ]
Date of Grant:	March 31, 2020
Number of Restricted Share Units:	[ ]
Vesting Dates:	March 31, 2021, March 31, 2022, and March 31, 2023

Terms of Agreement

**1. Grant of Restricted Share Units.** Subject to and upon the terms, conditions, and restrictions set forth in this Agreement and in the Plan, the Company hereby grants to the Grantee as of the Date of Grant, the Restricted Share Units set forth above. Each Restricted Share Unit shall represent the contingent right to receive one Share and shall at all times be equal in value to one Share. The Restricted Share Units shall be credited in a book entry account established for the Grantee until payment in accordance with Section 4 hereof (or forfeiture in accordance with Section 3 hereof).

**2. Vesting of Restricted Share Units.**

(a) In General. Subject to the Grantee’s compliance with the restrictions of Section 8 hereof, or the terms of the Restrictive Covenants Agreement (as defined in Section 8) or of any separately executed covenant not to compete with the Company, as applicable:

(i) Restricted Share Units. The number of Restricted Share Units set forth above shall vest in three equal installments on each of the applicable Vesting Dates set forth above, provided that the Grantee shall have remained in the continuous employ of the Company or a Subsidiary through such Vesting Dates.

(ii) Continuous Employment. For purposes of this Section 2, the continuous employment of the Grantee with the Company and its Subsidiaries shall not be deemed to have been interrupted, and the Grantee shall not be deemed to have ceased to be an employee of the Company and its Subsidiaries, by reason of the transfer of his or her employment among the Company and its Subsidiaries.

( b ) Involuntary Termination or Termination for Good Reason. If, prior to a Vesting Date, the Grantee’s employment with the Company or a Subsidiary is terminated (x) by the Company or a Subsidiary without Cause (as defined in the Plan) or by reason of the Grantee’s Disability (as defined in the long-term disability plan of the Company or a Subsidiary applicable to the Grantee), (y) by the Grantee for Good Reason (as defined in the Plan), or (z) as a result of the Grantee’s death, then, except as otherwise provided in paragraph (c) below and provided that, within forty-five (45) days after such termination, the

Grantee (or the Grantee's estate, beneficiary or other successor) shall have executed and delivered a release of claims in a form provided by the Company and such release of claims shall have become effective and irrevocable in accordance with its terms, the Grantee shall become vested in a prorated portion of the Restricted Share Units equal to (i) the number of Restricted Share Units that would have become vested under this Agreement had the Grantee remained continuously employed with the Company or a Subsidiary through the Vesting Date immediately following the date on which the Grantee's employment terminated, multiplied by (ii) a fraction based on the number of days of Grantee's continuous employment with the Company or a Subsidiary during the applicable vesting tranche.

(c) Change in Control. The provisions of Section 21 of the Plan shall apply in the event of a Change in Control.

### **3. Forfeiture of Restricted Share Units.**

(a) Forfeiture of Unvested Award. The Restricted Share Units that have not yet vested pursuant to Section 2 (and any right to unpaid Dividend Equivalents under Section 7 with respect to the Restricted Share Units), shall be forfeited automatically without further action or notice if (i) the Grantee ceases to be employed by the Company or a Subsidiary prior to a Vesting Date, except as otherwise provided in Section 2(b) or 2(c), or (ii) the Grantee breaches any of the restrictions of Section 8 hereof, the Restrictive Covenants Agreement or of any separately executed covenant not to compete with the Company, as applicable.

(b) Repayment of Award. The Restricted Share Units shall be subject to the provisions of Section 20 of the Plan regarding forfeiture and repayment of awards in the event of (i) the Grantee engaging in Detrimental Activity, (ii) the Grantee's breach of any of the restrictions of Section 8 hereof, the Restrictive Covenants Agreement (as defined herein) or of any separately executed covenant not to compete with the Company, as applicable, or (iii) as provided pursuant to the Company's Compensation Recovery Policy. Clause (ii) of the immediately preceding sentence shall be construed as a return of consideration due to the Grantee's violation of his or her promises under Section 8 of this Agreement, the Restrictive Covenants Agreement or any separately executed covenant not to compete with the Company, as applicable, and not as a liquidated damages clause. Nothing contained herein shall eliminate, reduce or compromise (x) the Company's right to assert that the restrictions provided for in Section 8 of this Agreement, the Restrictive Covenants Agreement or any separately executed covenant not to compete with the Company, as applicable, are fully enforceable as written, or as modified by a court of competent jurisdiction as provided therein, (y) the application of temporary or permanent injunctive relief as a fully appropriate and applicable remedy to enforce the restrictions as provided therein, or (z) the Company's right to pursue other remedies at law or in equity. This Section 3(b) shall survive and continue in full force in accordance with its terms and the terms of the Plan notwithstanding any termination of the Grantee's employment or the payment of the Restricted Share Units as provided herein.

**4. Payment of Vested Restricted Share Units.** Except as otherwise provided in Section 14 of this Agreement, the Company shall deliver to the Grantee the Shares underlying the vested Restricted Share Units (if any) within thirty (30) days following the applicable Vesting Date (or within thirty (30) days following such earlier date as the Restricted Share Units become vested pursuant to this Agreement). Notwithstanding anything in this Agreement to the contrary, the Company may settle vested Restricted Share Units in cash based on the Fair Market Value of the Shares otherwise deliverable under this Agreement on the date of settlement.

**5. Transferability.** The Restricted Share Units may not be transferred, assigned, pledged or hypothecated in any manner, or be subject to execution, attachment or similar process, by operation of law or otherwise, unless otherwise provided under the Plan. Any purported transfer or encumbrance in violation

of the provisions of this Section 5 shall be void, and the other party to any such purported transaction shall not obtain any rights to or interest in such Restricted Share Units.

**6. Dividend, Voting and Other Rights.** The Grantee shall not possess any incidents of ownership (including, without limitation, dividend and voting rights) in the Shares underlying the Restricted Share Units until such Shares have been delivered to the Grantee in accordance with Section 4 hereof. The obligations of the Company under this Agreement will be merely that of an unfunded and unsecured promise of the Company to deliver Shares in the future, subject to the terms and conditions of this Agreement and the Plan, and the rights of the Grantee will be no greater than that of an unsecured general creditor. No assets of the Company will be held or set aside as security for the obligations of the Company under this Agreement.

**7. Payment of Dividend Equivalents.** Upon payment of a vested Restricted Share Unit, the Grantee shall be entitled to a cash payment (without interest) equal to the aggregate cash dividends declared and payable with respect to one (1) Share for each record date, if any, that occurs during the period beginning on the Date of Grant and ending on the date the vested Restricted Share Unit is paid (the "Dividend Equivalent"). The Dividend Equivalents shall be forfeited to the extent that the underlying Restricted Share Unit is forfeited and shall be paid to the Grantee, if at all, at the same time that the related vested Restricted Share Unit is paid to the Grantee in accordance with Section 4.

**8. Non-Solicitation; Confidentiality; Ownership of Work Product.** In the event that the Grantee is a party to one or more separately executed agreements with the Company, the terms of which restrict (w) the Grantee's ability to solicit customers of the Company, (x) the Grantee's ability to solicit employees of the Company, (y) the Grantee's ability to use or disclose confidential information or trade secrets of the Company, or (z) the ownership of works (collectively, the "Restrictive Covenants Agreement"), then the terms of such applicable restriction or restrictions in the Restrictive Covenants Agreement shall govern in lieu of the corresponding restriction or restrictions set forth in this Section 8, respectively. In consideration of, and as a condition to, the Grantee's employment by the Company, the grant of the Restricted Share Units, a portion of the compensation and other benefits to be paid to the Grantee during such employment, the potential disclosure to the Grantee of Confidential Information (as hereinafter defined) in connection with such employment and other good and valuable consideration, the Grantee and the Company agree as follows:

8 . 1 Non-solicitation of or provision of competitive activities or services to Customers. During the Restricted Period, subject to (e) below, the Grantee hereby covenants and agrees that the Grantee shall not (either directly or indirectly, individually, on behalf of or in concert with others, or as an owner, a shareholder, partner, director, officer, employee, agent, or advisor of any business or entity) undertake or engage in any of the following activities without the prior written consent of the Company:

(a) Solicit (or assist in soliciting), provide, or offer to provide activities or services that are competitive with the Business of the Company to any customer (past or current) or actively sought prospective customer (or any owner, shareholder, partner, employee, agent or advisor of any past, current or prospective customer) with whom the Grantee had material contact at any time during the Grantee's employment with the Company; and/or

(b) Ask, suggest, intimate or imply to any customer (past or current) or actively sought prospective customer of the Company with whom Grantee had any material contact during the Grantee's employment with the Company, that such customer consider placing or moving an order for services that are competitive with the Business of the Company, or all or any portion of such customer's business relating to services that are competitive with the Business of the Company, to any other supplier or service provider that provides services that are competitive with the Business of the Company;

(c) Solicit, induce or attempt to induce any customer, supplier, distributor, franchisee, licensee, or other individual or entity with whom Grantee had any material contact during the Grantee's employment with the Company that has any business relationship with the Company or any of its affiliates to cease doing business with the Company or any of its affiliates, or in any way interfere with the relationship between any such customer, supplier, distributor, franchisee, licensee, or any other individual or entity and the Company or any of its affiliates; and/or

(d) Disparage, criticize, derogate, denigrate, or deprecate the Company or any of its products services or employees to any past, current or prospective customer of the Company; provided, however,

(e) If the Company does not provide Grantee with a Severance Payment, then the Grantee may undertake the activities described in Sections 8.1 (a) and (b) on behalf of himself/herself or a competing business or entity provided that such activities relate to projects, bids, or jobs that are not related (directly or indirectly) to past or existing projects, bids, jobs, or opportunities for which, on behalf of the Company, Grantee performed services, worked on, was involved with, or about which Grantee had access to confidential information.

Nothing in this Agreement shall be construed to prohibit the conduct described in Section 8.1 by Grantee on behalf of and for the benefit of the Company during the term of Grantee's employment by the Company.

8.2 Non-solicitation of Employees. During the Restricted Period the Grantee hereby covenants and agrees that the Grantee shall not (either directly or indirectly, individually, on behalf of or in concert with others, or as an owner, shareholder, partner, director, officer, employee, agent, or advisor of any business or entity) solicit, recruit, induce, entice, endeavor or assist in any effort to cause any person employed by the Company to end such person's employment with the Company (whether or not such person would commit a breach of contract by accepting such other employment).

8.3 Tolling. In the event that a court of competent jurisdiction determines that Grantee has violated, or is in violation of, Grantee's obligations under Section 8, the Restricted Period shall be deemed tolled for an amount of time equal to the amount of time a court finds that Grantee was or acted in violation of this section. Moreover, in the event the enforceability of any of the terms of Section 8 shall be challenged in court and as a result, Grantee is not enjoined from breaching any of this Section 7, and a court of competent jurisdiction (including appellate courts) subsequently finds that the challenged covenant is enforceable and orders compliance with the covenant, the Restricted Period shall be deemed tolled for an amount of time equal to the time from entry of an order finding that the covenant is not enforceable through such time as Grantee is ordered by a court to comply with the covenant.

8.4 "Restricted Period." For purposes of this Section 8, if the Grantee terminates his or her employment with the Company for any reason other than Good Reason, or if the Company terminates Grantee's employment with the Company for Cause, both as defined in the Plan, the term Restricted Period means the duration of the Grantee's employment with the Company and a period of one (1) year following the last date that the Grantee is employed by the Company. If the Company terminates Grantee's employment without Cause or the Grantee terminates his or her employment with the Company for Good Reason, then the term Restricted Period means the duration of the Grantee's employment with the Company and a period of time equal to the Grantee's employment with the Company, but in any event not to exceed six (6) months, following the last date that the Grantee is employed by the Company.

8.5 “Severance Payment” for purposes of this Section 8, means the payment, if any, provided by the Company to the Grantee as part of an agreement regarding the termination of the employer-employee relationship which provides or a severance payment, or other compensation, as the result of termination of employment.

8.6 Trade Secrets.

(a) The Grantee shall hold in confidence all Trade Secrets of the Company and/or its customers (the “Associated Companies”) that have or will come into the Grantee’s knowledge or possession during the Grantee’s employment by the Company and shall not disclose, publish or make use of such Trade Secrets at any time without the prior written consent of the Company for so long as the Trade Secret remains a trade secret.

(b) Notice of Immunity under Defend Trade Secrets Act. Grantee is hereby notified that the following immunities exist under the U.S. Defend Trade Secrets Act of 2016: (1) An individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that (A) is made—(i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal; and (2) An individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual (A) files any document containing the trade secret under seal; and (B) does not disclose the trade secret, except pursuant to court order.

8.7 Confidential Information. The Grantee shall hold in confidence all Confidential Information of the Company or of the Associated Companies that have or will come into the Grantee’s knowledge or possession during the Grantee’s employment by the Company and shall not disclose, publish or make use of such Confidential Information without the prior written consent of the Company for so long as the Confidential Information remains confidential.

8.8 Return of Company Property. Upon the request of the Company or, in any event with or without a request upon the termination of the Grantee’s employment with the Company, the Grantee shall deliver to the Company all memoranda, notes, records, manuals or other documents (including, but not limited to, written instruments, voice or data recordings, or computer tapes, disks or files of any nature), including all copies of such materials and all documentation prepared or produced in connection therewith, pertaining to the performance of the Grantee’s services for the Company, the Business of the Company or of the Associated Companies, or containing Trade Secrets or Confidential Information of the Company or pertaining to the Company’s Business or the Associated Companies’ business, whether made or compiled by the Grantee or furnished to the Grantee. Upon the request of the Company and, in any event, upon the termination of the Grantee’s employment with the Company, the Grantee shall also deliver to the Company all computers, credit cards, telephones, office equipment, software, and other property the Company furnished to or in the possession of the Grantee.

8.9 Interpretation. The restrictions stated in this Section 8 are in addition to and not in lieu of protections afforded to trade secrets and confidential information under applicable law. Nothing in this Agreement is intended to or shall be interpreted as diminishing or otherwise limiting the Company’s right under applicable law to protect its trade secrets and confidential information.

8.10 “Trade Secret” means information without regard to form, including but not limited to any technical or nontechnical data, formula, pattern, compilation, program, device, method, technique

drawing, process, financial data, financial plan, product plan, list of actual or potential customers or suppliers or other information similar to any of the foregoing, which (a) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can derive economic value from its disclosure or use, and (b) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

8.11 “Confidential Information” means any data or information, other than Trade Secrets, that is valuable to the Company (and/or its customers) and not generally known to the public or to competitors of the Company.

8.12 The Company shall own all Work Product. “Work Product” means all intellectual property rights including all Trade Secrets, registered and unregistered copyrights under U.S. and international law, copyrightable material or works, patents, patentable inventions, discoveries and improvements, and other intellectual property rights, in any technology software, data files documentation, or other work product or material that relates to the business and/or interests of the Company and that the Employee conceives, develops, creates or delivers (whether individually or working with others) to the Company at any time during the Employee’s employment with the Company. All Work Product shall be considered work made for hire by the Grantee and owned by the Company. The Grantee hereby irrevocably relinquishes for the benefit of the Company and its assigns any moral rights in and to the Work Product recognized by applicable law.

8.13 If any of the Work Product may not, by operation of law, be considered work made for hire by the Grantee for the Company, or if ownership of all right, title, and interest in and to the intellectual property rights therein shall not otherwise vest exclusively in the Company, the Grantee hereby agrees to assign, and upon creation thereof automatically assigns, without further consideration, the ownership of all Trade Secrets, registered and unregistered copyrights under United States and international law, copyrightable material or works, patents, patentable inventions: and other intellectual property rights therein to the Company, its successors and assigns.

8.14 The Company, its successors and assigns, shall have the right to obtain and hold in its or their own name copyright registrations, trademark registrations, patents and any other protection available in the foregoing.

8.15 The Grantee agrees to perform, upon the reasonable request of the Company, during or after employment such further acts as may be necessary or desirable to transfer, perfect, and defend the Company’s ownership of the Work Product, including but not limited to: (a) executing, acknowledging, and delivering any requested affidavits and documents of assignment and conveyance; (b) assisting in the preparation, prosecution, procurement, maintenance and enforcement of all copyrights and, if applicable, patents with respect to the Work Product in any countries; (c) providing testimony in connection with any proceeding affecting the right, title, or interest of the Company in any Work Product; and (d) performing any other acts deemed necessary or desirable to carry out the purposes of this Agreement. The Company shall reimburse any reasonable out-of-pocket expenses incurred by the Grantee at the Company’s request in connection with the foregoing, including (unless the Grantee is otherwise being compensated at the time) a reasonable and pre-agreed per diem or hourly fee for services rendered following termination of the Grantee’s employment.

8.16 Miscellaneous.

(i) The Grantee acknowledges that the restrictions, prohibitions and other provisions in Section 8 are reasonable, fair and equitable in scope, terms and duration, and are necessary to protect the legitimate business interests of the Company. The terms and provisions of Section 8 are intended

to be separate and divisible provisions and if, for any reason, any one or more of them is held to be invalid or unenforceable, neither the validity nor the enforceability of any other provision of this Agreement shall thereby be affected. It is the intention of the parties to this Agreement that the potential restrictions on the Grantee imposed by Section 8 be reasonable in scope and in all other respects. If for any reason any court of competent jurisdiction shall find any provisions of Section 8 unreasonable in scope or otherwise, the Grantee and the Company agree that the restrictions and prohibitions contained herein may be modified by a court of competent jurisdiction and shall be effective to the fullest extent allowed under Applicable Law in such jurisdiction. The Grantee agrees to disclose the existence of this Agreement to any subsequent employer.

(ii) The Grantee hereby agrees that any remedy at law for any breach or threatened breach of the provisions of Section 8 will be inadequate and that the Company will be entitled to injunctive relief in addition to any other remedy the Company might have under this Agreement. The Grantee hereby expressly acknowledges that the harm which might result to the Company's business as a result of any noncompliance by the Grantee with the provisions of this Section 8 would be largely irreparable. The parties agree that if the Company pursues legal action to enforce the terms and conditions of this Section 8 and obtains all or part of the relief sought, the Grantee shall be responsible for the reasonable attorney's fees and costs of the Company in bringing such action.

(iii) Notwithstanding any other provision of this Agreement or the Plan, the rights and obligations of the parties hereto, and any claims or disputes relating to this Section 8 shall be governed by and construed in accordance with the laws of the State of Georgia without giving effect to the principles of conflict of laws thereof. Each party agrees that any action arising out of or relating to this Section 8 shall be brought in the Superior Court of Dekalb County, Georgia or the United States District Court for the Northern District of Georgia, or if the action is brought by the Company and if Grantee resides in Georgia, the Superior Court of the Georgia county in which Grantee resides in Georgia if so required by law, and accepts for itself and in respect of its property, generally and unconditionally, the jurisdiction of those courts, and irrevocably waives any objection, including, without limitation, any objection to the laying of venue or based on the grounds of *forum non conveniens*, which it may now or hereafter have to the bringing of any action in those jurisdictions.

(iv) For purposes of this Section 8, the term "Company" shall be deemed to include Williams Industrial Services Group Inc., its Subsidiaries and affiliates, and all of their respective successors and assigns.

**9. No Employment Contract.** Nothing contained in this Agreement shall confer upon the Grantee any right with respect to continuance of employment by the Company and its Subsidiaries, nor limit or affect in any manner the right of the Company and its Subsidiaries to terminate the employment or adjust the compensation of the Grantee, in each case with or without Cause.

**10. Relation to Other Benefits.** Any economic or other benefit to the Grantee under this Agreement or the Plan shall not be taken into account in determining any benefits to which the Grantee may be entitled under any profit-sharing, retirement or other benefit or compensation plan maintained by the Company or a Subsidiary and shall not affect the amount of any life insurance coverage available to any beneficiary under any life insurance plan covering employees of the Company or a Subsidiary.

**11. Taxes and Withholding.** The Grantee is responsible for any federal, state, local or other taxes with respect to the Restricted Share Units and the Dividend Equivalents. The Company does not guarantee any particular tax treatment or results in connection with the grant or vesting of the Restricted Share Units, the delivery of Shares or the payment of Dividend Equivalents. To the extent the Company or any Subsidiary is required to withhold any federal, state, local, foreign or other taxes in connection with

the delivery of Shares or cash under this Agreement, then, except as otherwise provided below, the Company or Subsidiary (as applicable) shall retain a number of Shares (or an amount of cash) otherwise deliverable hereunder with a value equal to the required withholding (based on the Fair Market Value of the Shares on the date of delivery); provided that in no event shall the value of the Shares retained exceed the minimum amount of taxes required to be withheld or such other amount that will not result in a negative accounting impact. Notwithstanding the preceding sentence, the Grantee may elect, on a form provided by the Company and subject to any terms and conditions imposed by the Company, to pay or provide for payment of the required tax withholding. If the Company or any Subsidiary is required to withhold any federal, state, local or other taxes at any time other than upon delivery of the Shares under this Agreement, then the Company or Subsidiary (as applicable) shall have the right in its sole discretion to (a) require the Grantee to pay or provide for payment of the required tax withholding, or (b) deduct the required tax withholding from any amount of salary, bonus, incentive compensation or other amounts otherwise payable in cash to the Grantee (other than deferred compensation subject to Section 409A of the Code). If the Company or any Subsidiary is required to withhold any federal, state, local or other taxes with respect to Dividend Equivalents, then the Company or Subsidiary (as applicable) shall have the right in its sole discretion to reduce the cash payment related to the Dividend Equivalent by the applicable tax withholding.

**12. Adjustments.** The number and kind of shares of stock deliverable pursuant to the Restricted Share Units are subject to adjustment as provided in Section 16 of the Plan.

**13. Compliance with Law.** The Company shall make reasonable efforts to comply with all applicable federal and state securities laws and listing requirements with respect to the Restricted Share Units; provided that, notwithstanding any other provision of this Agreement, and only to the extent permitted under Section 409A of the Code, the Company shall not be obligated to deliver any Shares pursuant to this Agreement if the delivery thereof would result in a violation of any such law or listing requirement.

**14. Section 409A of the Code.** It is intended that the Restricted Share Units and any Dividend Equivalents provided pursuant to this Agreement shall be exempt from, or comply with, the requirements of Section 409A of the Code, and this Agreement shall be interpreted, administered and governed in accordance with such intent. To the extent necessary to give effect to such intent, the Grantee's termination of employment shall mean, for purposes of this Agreement, the Grantee's "separation from service" within the meaning of Section 409A of the Code. In particular, it is intended that the Restricted Share Units and any Dividend Equivalents shall be exempt from Section 409A of the Code, to the maximum extent possible, pursuant to the "short-term deferral" exception thereto. However, to the extent that the Restricted Share Units or any Dividend Equivalents constitute a deferral of compensation subject to the requirements of Section 409A of the Code (for example, because the Grantee's governing employment agreement defines "Good Reason" in a manner such that the Grantee's termination of employment for Good Reason would not be treated as an involuntary separation from service for purposes of Section 409A of the Code), then the following rules shall apply, notwithstanding any other provision of this Agreement to the contrary:

(a) The Company will deliver the Shares underlying any Restricted Share Units that become vested in accordance with Section 2(b) or 2(c) of this Agreement and pay any Dividend Equivalents with respect to those vested Restricted Share Units within thirty (30) days after the first to occur of (i) the applicable Vesting Date; (ii) the occurrence of a Change in Control that is also a "change in the ownership," a "change in the effective control," or a "change in the ownership of a substantial portion of the assets" of the Company within the meaning of Section 409A of the Code; or (iii) the Grantee's "separation from service" within the meaning of Section 409A of the Code; and

(b) If the Restricted Share Units (and any related Dividend Equivalents) become payable as a result of the Grantee's separation from service (other than as a result of the Grantee's death)

and the Grantee is a “specified employee” at that time within the meaning of Section 409A of the Code (as determined pursuant to the Company’s policy for identifying specified employees), the Company will deliver the Shares underlying the vested Restricted Share Units and pay any related Dividend Equivalents to the Grantee on the first business day that is at least six months after the date of the Grantee’s separation from service (or upon the Grantee’s death if the Grantee dies before the end of that six-month period).

**15. Amendments.** Subject to the terms of the Plan, the Compensation Committee of the Board (the “Committee”) may modify this Agreement upon written notice to the Grantee. Any amendment to the Plan shall be deemed to be an amendment to this Agreement to the extent that the amendment is applicable hereto. Notwithstanding the foregoing, no amendment of the Plan or this Agreement shall adversely affect in a material way the rights of the Grantee under this Agreement without the Grantee’s consent unless the Committee determines, in good faith, that such amendment is required for the Agreement to either be exempt from the application of, or comply with, the requirements of Section 409A of the Code, or as otherwise may be provided in the Plan.

**16. Severability.** In the event that one or more of the provisions of this Agreement shall be invalidated for any reason by a court of competent jurisdiction, any provision so invalidated shall be deemed to be separable from the other provisions hereof, and the remaining provisions hereof shall continue to be valid and fully enforceable.

**17. Relation to Plan.** This Agreement is subject to the terms and conditions of the Plan. Except with respect to the provisions of the Restrictive Covenants Agreement and of any separately executed covenant not to compete with the Company expressly referenced herein, this Agreement and the Plan contain the entire agreement and understanding of the parties with respect to the subject matter contained in this Agreement, and supersede all prior written or oral communications, representations and negotiations in respect thereto. Except as otherwise provided in Section 8 hereof, in the event of any inconsistency between the provisions of this Agreement and the Plan, the Plan shall govern. The Committee acting pursuant to the Plan, as constituted from time to time, shall, except as expressly provided otherwise herein, have the right to determine any questions that arise in connection with the grant of the Restricted Share Units.

**18. Successors and Assigns.** Without limiting Section 5, the provisions of this Agreement shall inure to the benefit of, and be binding upon, the successors, administrators, heirs, legal representatives and assigns of the Grantee, and the successors and assigns of the Company.

**19. Governing Law.** Except as otherwise provided in Section 8 hereof, the interpretation, performance, and enforcement of this Agreement shall be governed by the laws of the State of Delaware, without giving effect to the principles of conflict of laws thereof.

**20. Use of Grantee’s Information.** Information about the Grantee and the Grantee’s participation in the Plan may be collected, recorded and held, used and disclosed for any purpose related to the administration of the Plan. The Grantee understands that such processing of this information may need to be carried out by the Company and its Subsidiaries and by third-party administrators whether such persons are located within the Grantee’s country or elsewhere, including the United States of America. The Grantee consents to the processing of information relating to the Grantee and the Grantee’s participation in the Plan in any one or more of the ways referred to above.

**21. Electronic Delivery.** The Grantee hereby consents and agrees to electronic delivery of any documents that the Company may elect to deliver (including, but not limited to, prospectuses, prospectus supplements, grant or award notifications and agreements, account statements, annual and quarterly reports, and all other forms of communications) in connection with this and any other award made

or offered under the Plan. The Grantee understands that, unless earlier revoked by the Grantee by giving written notice to the Senior Vice President, Chief Administrative Officer, General Counsel and Secretary of the Company, this consent shall be effective for the duration of the Agreement. The Grantee also understands that he or she shall have the right at any time to request that the Company deliver written copies of any and all materials referred to above at no charge. The Grantee hereby consents to any and all procedures the Company has established or may establish for an electronic signature system for delivery and acceptance of any such documents that the Company may elect to deliver, and agrees that his or her electronic signature is the same as, and shall have the same force and effect as, his or her manual signature. The Grantee consents and agrees that any such procedures and delivery may be effected by a third party engaged by the Company to provide administrative services related to the Plan.

**22. No Fractional Shares.** Fractional Shares or units will be subject to rounding conventions adopted by the Company from time to time; provided that in no event will the total shares issued exceed the total units granted under this award.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Date of Grant.

WILLIAMS INDUSTRIAL SERVICES GROUP INC.

By: \_\_\_\_\_

Name: Tracy D. Pagliara

Title: President and Chief Executive Officer

By executing this Agreement, you acknowledge that a copy of the Plan, Plan Summary and Prospectus, and the Company's most recent Annual Report and Proxy Statement (the "Prospectus Information") either have been received by you or are available for viewing on the Company's intranet site, and you consent to receiving this Prospectus Information electronically, or, in the alternative, agree to contact [☎], at [☎], to request a paper copy of the Prospectus Information at no charge.

GRANTEE

\_\_\_\_\_  
[☎]

**WILLIAMS INDUSTRIAL SERVICES GROUP INC.  
PERFORMANCE-BASED RESTRICTED SHARE UNIT AGREEMENT**

Notice of Restricted Share Unit Award

Williams Industrial Services Group Inc. (the “Company”) grants to the Grantee named below, in accordance with the terms of the Williams Industrial Services Group Inc. 2015 Equity Incentive Plan (the “Plan”) and this Performance-Based Restricted Share Unit Agreement (the “Agreement”), the opportunity to earn all, a portion, or a multiple of the number of Restricted Share Units set forth below, as of the Date of Grant set forth below. Capitalized terms used in this Agreement without definition shall have the meanings assigned to them in the Plan.

Name of Grantee:	[Ⓢ]
Date of Grant:	March 31, 2020
Number of Restricted Share Units:	[Ⓢ]
Vesting Date:	March 31, 2023
Performance Periods:	The 2020, 2021 and 2022 fiscal years of the Company
Performance Objective:	Achievement of the Company’s annual operating income and free cash flow targets for each Performance Period, as set forth on <u>Exhibit A</u>

Terms of Agreement

**1. Grant of Restricted Share Units.** Subject to and upon the terms, conditions, and restrictions set forth in this Agreement and in the Plan, the Company hereby grants to the Grantee as of the Date of Grant, the Restricted Share Units set forth above. Each Restricted Share Unit shall represent the contingent right to receive one Share and shall at all times be equal in value to one Share. The Restricted Share Units shall be credited in a book entry account established for the Grantee until payment in accordance with Section 4 hereof (or forfeiture in accordance with Section 3 hereof).

**2. Vesting of Restricted Share Units.**

(a) In General. Subject to the Grantee’s compliance with the restrictions of Section 8 hereof, or the terms of the Restrictive Covenants Agreement (as defined in Section 8) or of any separately executed covenant not to compete with the Company, as applicable:

( i ) Award. The Restricted Share Units shall be allocated in three equal portions to each of the three Performance Periods identified above. The Grantee’s right to receive all, a portion, or a multiple of the portion of the Restricted Share Units allocated to a Performance Period shall be contingent upon the extent to which the Company achieves the Performance Objectives established for that Performance Period in accordance with the payout levels set forth in the attached Exhibit A. After the end of each Performance Period, the Compensation Committee of the Board (the “Committee”) shall determine in writing the extent, if any, to which the Performance Objective(s) for that Performance Period have been satisfied and shall determine the percentage, if any, of the Restricted Share Units allocated to

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that Performance Period that shall be payable to Grantee, subject to the vesting requirements set forth below. The earned portion of the Restricted Share Units allocated to a Performance Period shall vest on the Vesting Date, provided that the Grantee shall have remained in the continuous employ of the Company or a Subsidiary through the Vesting Date.

(ii) Continuous Employment. For purposes of this Section 2, the continuous employment of the Grantee with the Company and its Subsidiaries shall not be deemed to have been interrupted, and the Grantee shall not be deemed to have ceased to be an employee of the Company and its Subsidiaries, by reason of the transfer of his or her employment among the Company and its Subsidiaries.

( b ) Involuntary Termination or Termination for Good Reason. If, prior to the Vesting Date, the Grantee's employment with the Company or a Subsidiary is terminated (x) by the Company or a Subsidiary without Cause (as defined in the Plan) or by reason of the Grantee's Disability (as defined in the long-term disability plan of the Company or a Subsidiary applicable to the Grantee), (y) by the Grantee for Good Reason (as defined in the Plan), or (z) as a result of the Grantee's death, then, except as otherwise provided in paragraph (c) below, and provided that, within forty-five (45) days after such termination, the Grantee (or the Grantee's estate, beneficiary or other successor) shall have executed and delivered a release of claims in a form provided by the Company and such release of claims shall have become effective and irrevocable in accordance with its terms, the Grantee shall become vested in the portion of the Restricted Share Units equal to the product of: (i) the portion of the Restricted Share Units that would have become vested under this Agreement had the Grantee remained continuously employed with the Company or a Subsidiary through the Vesting Date (based on actual performance results for each of the three Performance Periods), multiplied by (ii) a fraction based on the number of days of continuous employment with the Company or a Subsidiary completed by the Grantee from the Date of Grant through the Vesting Date.

(c) Change in Control. The provisions of Section 21 of the Plan shall apply in the event of a Change in Control.

### **3. Forfeiture of Restricted Share Units.**

(a) Forfeiture of Unvested Award. The Restricted Share Units that have not yet vested pursuant to Section 2 (and any right to unpaid Dividend Equivalents under Section 8 with respect to the Restricted Share Units), shall be forfeited automatically without further action or notice if (i) the Grantee ceases to be employed by the Company or a Subsidiary prior to the Vesting Date, except as otherwise provided in Section 2(b) or 2(c), (ii) the Grantee breaches any of the restrictions of Section 8 hereof, the Restrictive Covenants Agreement or of any separately executed covenant not to compete with the Company, as applicable, or (iii) the Company fails to achieve the Performance Objectives during the applicable Performance Periods.

(b) Repayment of Award. The Restricted Share Units shall be subject to the provisions of Section 20 of the Plan regarding forfeiture and repayment of awards in the event of (i) the Grantee engaging in Detrimental Activity, (ii) the Grantee's breach of any of the restrictions of Section 8 hereof, the Restrictive Covenants Agreement (as defined herein) or of any separately executed covenant not to compete with the Company, as applicable, or (iii) as provided pursuant to the Company's Compensation Recovery Policy. Clause (ii) of the immediately preceding sentence shall be construed as a return of consideration due to the Grantee's violation of his or her promises under Section 8 of this Agreement, the Restrictive Covenants Agreement or any separately executed covenant not to compete with the Company, as applicable, and not as a liquidated damages clause. Nothing contained herein shall eliminate, reduce or compromise (x) the Company's right to assert that the restrictions provided for in Section 8 of this Agreement, the Restrictive Covenants Agreement or any separately executed covenant not to compete with the Company, as applicable, are fully enforceable as written, or as modified by a court of competent

jurisdiction as provided therein, (y) the application of temporary or permanent injunctive relief as a fully appropriate and applicable remedy to enforce the restrictions as provided therein, or (z) the Company's right to pursue other remedies at law or in equity. This Section 3(b) shall survive and continue in full force in accordance with its terms and the terms of the Plan notwithstanding any termination of the Grantee's employment or the payment of the Restricted Share Units as provided herein.

**4. Payment of Vested Restricted Share Units.** Except as otherwise provided in Section 14 of this Agreement, the Company shall deliver to the Grantee the Shares underlying the vested Restricted Share Units (if any) within thirty (30) days following the Vesting Date. Notwithstanding anything in this Agreement to the contrary, the Company may settle vested Restricted Share Units in cash based on the Fair Market Value of the Shares otherwise deliverable under this Agreement on the date of settlement.

**5. Transferability.** The Restricted Share Units may not be transferred, assigned, pledged or hypothecated in any manner, or be subject to execution, attachment or similar process, by operation of law or otherwise, unless otherwise provided under the Plan. Any purported transfer or encumbrance in violation of the provisions of this Section 5 shall be void, and the other party to any such purported transaction shall not obtain any rights to or interest in such Restricted Share Units.

**6. Dividend, Voting and Other Rights.** The Grantee shall not possess any incidents of ownership (including, without limitation, dividend and voting rights) in the Shares underlying the Restricted Share Units until such Shares have been delivered to the Grantee in accordance with Section 4 hereof. The obligations of the Company under this Agreement will be merely that of an unfunded and unsecured promise of the Company to deliver Shares in the future, subject to the terms and conditions of this Agreement and the Plan, and the rights of the Grantee will be no greater than that of an unsecured general creditor. No assets of the Company will be held or set aside as security for the obligations of the Company under this Agreement.

**7. Payment of Dividend Equivalents.** Upon payment of a vested Restricted Share Unit, the Grantee shall be entitled to a cash payment (without interest) equal to the aggregate cash dividends declared and payable with respect to one (1) Share for each record date, if any, that occurs during the period beginning on the Date of Grant and ending on the date the vested Restricted Share Unit is paid (the "Dividend Equivalent"). The Dividend Equivalents shall be forfeited to the extent that the underlying Restricted Share Unit is forfeited and shall be paid to the Grantee, if at all, at the same time that the related vested Restricted Share Unit is paid to the Grantee in accordance with Section 4.

**8. Non-Solicitation; Confidentiality; Ownership of Work Product.** In the event that the Grantee is a party to one or more separately executed agreements with the Company, the terms of which restrict (w) the Grantee's ability to solicit customers of the Company, (x) the Grantee's ability to solicit employees of the Company, (y) the Grantee's ability to use or disclose confidential information or trade secrets of the Company, or (z) the ownership of works (collectively, the "Restrictive Covenants Agreement"), then the terms of such applicable restriction or restrictions in the Restrictive Covenants Agreement shall govern in lieu of the corresponding restriction or restrictions set forth in this Section 8, respectively. In consideration of, and as a condition to, the Grantee's employment by the Company, the grant of the Restricted Share Units, a portion of the compensation and other benefits to be paid to the Grantee during such employment, the potential disclosure to the Grantee of Confidential Information (as hereinafter defined) in connection with such employment and other good and valuable consideration, the Grantee and the Company agree as follows:

8 . 1 Non-solicitation of or provision of competitive activities or services to Customers. During the Restricted Period, subject to (e) below, the Grantee hereby covenants and agrees that the Grantee shall not (either directly or indirectly, individually, on behalf of or in concert with others, or as an

owner, a shareholder, partner, director, officer, employee, agent, or advisor of any business or entity) undertake or engage in any of the following activities without the prior written consent of the Company:

(a) Solicit (or assist in soliciting), provide, or offer to provide activities or services that are competitive with the Business of the Company to any customer (past or current) or actively sought prospective customer (or any owner, shareholder, partner, employee, agent or advisor of any past, current or prospective customer) with whom the Grantee had material contact at any time during the Grantee's employment with the Company; and/or

(b) Ask, suggest, intimate or imply to any customer (past or current) or actively sought prospective customer of the Company with whom Grantee had any material contact during the Grantee's employment with the Company, that such customer consider placing or moving an order for services that are competitive with the Business of the Company, or all or any portion of such customer's business relating to services that are competitive with the Business of the Company, to any other supplier or service provider that provides services that are competitive with the Business of the Company;

(c) Solicit, induce or attempt to induce any customer, supplier, distributor, franchisee, licensee, or other individual or entity with whom Grantee had any material contact during the Grantee's employment with the Company that has any business relationship with the Company or any of its affiliates to cease doing business with the Company or any of its affiliates, or in any way interfere with the relationship between any such customer, supplier, distributor, franchisee, licensee, or any other individual or entity and the Company or any of its affiliates; and/or

(d) Disparage, criticize, derogate, denigrate, or deprecate the Company or any of its products services or employees to any past, current or prospective customer of the Company; provided, however,

(e) If the Company does not provide Grantee with a Severance Payment, then the Grantee may undertake the activities described in Sections 8.1 (a) and (b) on behalf of himself/herself or a competing business or entity provided that such activities relate to projects, bids, or jobs that are not related (directly or indirectly) to past or existing projects, bids, jobs, or opportunities for which, on behalf of the Company, Grantee performed services, worked on, was involved with, or about which Grantee had access to confidential information.

Nothing in this Agreement shall be construed to prohibit the conduct described in Section 8.1 by Grantee on behalf of and for the benefit of the Company during the term of Grantee's employment by the Company.

8.2 Non-solicitation of Employees. During the Restricted Period the Grantee hereby covenants and agrees that the Grantee shall not (either directly or indirectly, individually, on behalf of or in concert with others, or as an owner, shareholder, partner, director, officer, employee, agent, or advisor of any business or entity) solicit, recruit, induce, entice, endeavor or assist in any effort to cause any person employed by the Company to end such person's employment with the Company (whether or not such person would commit a breach of contract by accepting such other employment).

8.3 Tolling. In the event that a court of competent jurisdiction determines that Grantee has violated, or is in violation of, Grantee's obligations under this Section 8, the Restricted Period shall be deemed tolled for an amount of time equal to the amount of time a court finds that Grantee was or acted in violation of this section. Moreover, in the event the enforceability of any of the terms of this Section 8 shall be challenged in court and as a result, Grantee is not enjoined from breaching any of Section 8, and a court of competent jurisdiction (including appellate courts) subsequently finds that the challenged

covenant is enforceable and orders compliance with the covenant, the Restricted Period shall be deemed tolled for an amount of time equal to the time from entry of an order finding that the covenant is not enforceable through such time as Grantee is ordered by a court to comply with the covenant.

8.4 “Restricted Period.” For purposes of this Section 8, if the Grantee terminates his or her employment with the Company for any reason other than Good Reason, or if the Company terminates Grantee’s employment with the Company for Cause, both as defined in the Plan, the term Restricted Period means the duration of the Grantee’s employment with the Company and a period of one (1) year following the last date that the Grantee is employed by the Company. If the Company terminates Grantee’s employment without Cause or the Grantee terminates his or her employment with the Company for Good Reason, then the term Restricted Period means the duration of the Grantee’s employment with the Company and a period of time equal to the Grantee’s employment with the Company, but in any event not to exceed six (6) months, following the last date that the Grantee is employed by the Company.

8.5 Severance Payment” for purposes of this Section 8, means the payment, if any, provided by the Company to the Grantee as part of an agreement regarding the termination of the employer-employee relationship which provides or a severance payment, or other compensation, as the result of termination of employment.

8.6 Trade Secrets.

(a) The Grantee shall hold in confidence all Trade Secrets of the Company and/or its customers (the “ Associated Companies”) that have or will come into the Grantee’s knowledge or possession during the Grantee’s employment by the Company and shall not disclose, publish or make use of such Trade Secrets at any time without the prior written consent of the Company for so long as the Trade Secret remains a trade secret.

(b) Notice of Immunity under Defend Trade Secrets Act. Grantee is hereby notified that the following immunities exist under the U.S. Defend Trade Secrets Act of 2016: (1) An individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that (A) is made—(i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal; and (2) An individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual (A) files any document containing the trade secret under seal; and (B) does not disclose the trade secret, except pursuant to court order.

8.7 Confidential Information. The Grantee shall hold in confidence all Confidential Information of the Company or of the Associated Companies that have or will come into the Grantee’s knowledge or possession during the Grantee’s employment by the Company and shall not disclose, publish or make use of such Confidential Information without the prior written consent of the Company for so long as the Confidential Information remains confidential.

8.8 Return of Company Property. Upon the request of the Company or, in any event with or without a request upon the termination of the Grantee’s employment with the Company, the Grantee shall deliver to the Company all memoranda, notes, records, manuals or other documents (including, but not limited to, written instruments, voice or data recordings, or computer tapes, disks or files of any nature), including all copies of such materials and all documentation prepared or produced in connection therewith, pertaining to the performance of the Grantee’s services for the Company, the Business of the

Company or of the Associated Companies, or containing Trade Secrets or Confidential Information of the Company or pertaining to the Company's Business or the Associated Companies' business, whether made or compiled by the Grantee or furnished to the Grantee. Upon the request of the Company and, in any event, upon the termination of the Grantee's employment with the Company, the Grantee shall also deliver to the Company all computers, credit cards, telephones, office equipment, software, and other property the Company furnished to or in the possession of the Grantee.

8.9 Interpretation. The restrictions stated in this Section 8 are in addition to and not in lieu of protections afforded to trade secrets and confidential information under applicable law. Nothing in this Agreement is intended to or shall be interpreted as diminishing or otherwise limiting the Company's right under applicable law to protect its trade secrets and confidential information.

8.10 "Trade Secret" means information without regard to form, including but not limited to any technical or nontechnical data, formula, pattern, compilation, program, device, method, technique drawing, process, financial data, financial plan, product plan, list of actual or potential customers or suppliers or other information similar to any of the foregoing, which (a) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can derive economic value from its disclosure or use, and (b) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

8.11 "Confidential Information" means any data or information, other than Trade Secrets, that is valuable to the Company (and/or its customers) and not generally known to the public or to competitors of the Company.

8.12 The Company shall own all Work Product. "Work Product" means all intellectual property rights including all Trade Secrets, registered and unregistered copyrights under U.S. and international law, copyrightable material or works, patents, patentable inventions, discoveries and improvements, and other intellectual property rights, in any technology software, data files documentation, or other work product or material that relates to the business and/or interests of the Company and that the Employee conceives, develops, creates or delivers (whether individually or working with others) to the Company at any time during the Employee's employment with the Company. All Work Product shall be considered work made for hire by the Grantee and owned by the Company. The Grantee hereby irrevocably relinquishes for the benefit of the Company and its assigns any moral rights in and to the Work Product recognized by applicable law.

8.13 If any of the Work Product may not, by operation of law, be considered work made for hire by the Grantee for the Company, or if ownership of all right, title, and interest in and to the intellectual property rights therein shall not otherwise vest exclusively in the Company, the Grantee hereby agrees to assign, and upon creation thereof automatically assigns, without further consideration, the ownership of all Trade Secrets, registered and unregistered copyrights under United States and international law, copyrightable material or works, patents, patentable inventions: and other intellectual property rights therein to the Company, its successors and assigns.

8.14 The Company, its successors and assigns, shall have the right to obtain and hold in its or their own name copyright registrations, trademark registrations, patents and any other protection available in the foregoing.

8.15 The Grantee agrees to perform, upon the reasonable request of the Company, during or after employment such further acts as may be necessary or desirable to transfer, perfect, and defend the Company's ownership of the Work Product, including but not limited to: (a) executing, acknowledging, and delivering any requested affidavits and documents of assignment and conveyance; (b) assisting in the

preparation, prosecution, procurement, maintenance and enforcement of all copyrights and, if applicable, patents with respect to the Work Product in any countries; (c) providing testimony in connection with any proceeding affecting the right, title, or interest of the Company in any Work Product; and (d) performing any other acts deemed necessary or desirable to carry out the purposes of this Agreement. The Company shall reimburse any reasonable out-of-pocket expenses incurred by the Grantee at the Company's request in connection with the foregoing, including (unless the Grantee is otherwise being compensated at the time) a reasonable and pre-agreed per diem or hourly fee for services rendered following termination of the Grantee's employment.

8.16 Miscellaneous.

(i) The Grantee acknowledges that the restrictions, prohibitions and other provisions in this Section 8 are reasonable, fair and equitable in scope, terms and duration, and are necessary to protect the legitimate business interests of the Company. The terms and provisions of this Section 8 are intended to be separate and divisible provisions and if, for any reason, any one or more of them is held to be invalid or unenforceable, neither the validity nor the enforceability of any other provision of this Agreement shall thereby be affected. It is the intention of the parties to this Agreement that the potential restrictions on the Grantee imposed by Section 8 be reasonable in scope and in all other respects. If for any reason any court of competent jurisdiction shall find any provisions of Section 8 unreasonable in scope or otherwise, the Grantee and the Company agree that the restrictions and prohibitions contained herein may be modified by a court of competent jurisdiction and shall be effective to the fullest extent allowed under Applicable Law in such jurisdiction. The Grantee agrees to disclose the existence of this Agreement to any subsequent employer.

(ii) The Grantee hereby agrees that any remedy at law for any breach or threatened breach of the provisions of Section 8 will be inadequate and that the Company will be entitled to injunctive relief in addition to any other remedy the Company might have under this Agreement. The Grantee hereby expressly acknowledges that the harm which might result to the Company's business as a result of any noncompliance by the Grantee with the provisions of this Section 8 would be largely irreparable. The parties agree that if the Company pursues legal action to enforce the terms and conditions of this Section 8 and obtains all or part of the relief sought, the Grantee shall be responsible for the reasonable attorney's fees and costs of the Company in bringing such action.

(iii) Notwithstanding any other provision of this Agreement or the Plan, the rights and obligations of the parties hereto, and any claims or disputes relating to this Section 8 shall be governed by and construed in accordance with the laws of the State of Georgia without giving effect to the principles of conflict of laws thereof. Each party agrees that any action arising out of or relating to this Section 8 shall be brought in the Superior Court of DeKalb County, Georgia or the United States District Court for the Northern District of Georgia, or if the action is brought by the Company and if Grantee resides in Georgia, the Superior Court of the Georgia county in which Grantee resides in Georgia if so required by law, and accepts for itself and in respect of its property, generally and unconditionally, the jurisdiction of those courts, and irrevocably waives any objection, including, without limitation, any objection to the laying of venue or based on the grounds of *forum non conveniens*, which it may now or hereafter have to the bringing of any action in those jurisdictions.

(iv) For purposes of this Section 8, the term "Company" shall be deemed to include Williams Industrial Services Group Inc., its Subsidiaries and affiliates, and all of their respective successors and assigns.

**9. No Employment Contract.** Nothing contained in this Agreement shall confer upon the Grantee any right with respect to continuance of employment by the Company and its Subsidiaries, nor

limit or affect in any manner the right of the Company and its Subsidiaries to terminate the employment or adjust the compensation of the Grantee, in each case with or without Cause.

**10. Relation to Other Benefits.** Any economic or other benefit to the Grantee under this Agreement or the Plan shall not be taken into account in determining any benefits to which the Grantee may be entitled under any profit-sharing, retirement or other benefit or compensation plan maintained by the Company or a Subsidiary and shall not affect the amount of any life insurance coverage available to any beneficiary under any life insurance plan covering employees of the Company or a Subsidiary.

**11. Taxes and Withholding.** The Grantee is responsible for any federal, state, local or other taxes with respect to the Restricted Share Units and the Dividend Equivalents. The Company does not guarantee any particular tax treatment or results in connection with the grant or vesting of the Restricted Share Units, the delivery of Shares or the payment of Dividend Equivalents. To the extent the Company or any Subsidiary is required to withhold any federal, state, local, foreign or other taxes in connection with the delivery of Shares or cash under this Agreement, then, except as otherwise provided below, the Company or Subsidiary (as applicable) shall retain a number of Shares (or an amount of cash) otherwise deliverable hereunder with a value equal to the required withholding (based on the Fair Market Value of the Shares on the date of delivery); provided that in no event shall the value of the Shares retained exceed the minimum amount of taxes required to be withheld or such other amount that will not result in a negative accounting impact. Notwithstanding the preceding sentence, the Grantee may elect, on a form provided by the Company and subject to any terms and conditions imposed by the Company, to pay or provide for payment of the required tax withholding. If the Company or any Subsidiary is required to withhold any federal, state, local or other taxes at any time other than upon delivery of the Shares under this Agreement, then the Company or Subsidiary (as applicable) shall have the right in its sole discretion to (a) require the Grantee to pay or provide for payment of the required tax withholding, or (b) deduct the required tax withholding from any amount of salary, bonus, incentive compensation or other amounts otherwise payable in cash to the Grantee (other than deferred compensation subject to Section 409A of the Code). If the Company or any Subsidiary is required to withhold any federal, state, local or other taxes with respect to Dividend Equivalents, then the Company or Subsidiary (as applicable) shall have the right in its sole discretion to reduce the cash payment related to the Dividend Equivalent by the applicable tax withholding.

**12. Adjustments.** The number and kind of shares of stock deliverable pursuant to the Restricted Share Units are subject to adjustment as provided in Section 16 of the Plan.

**13. Compliance with Law.** The Company shall make reasonable efforts to comply with all applicable federal and state securities laws and listing requirements with respect to the Restricted Share Units; provided that, notwithstanding any other provision of this Agreement, and only to the extent permitted under Section 409A of the Code, the Company shall not be obligated to deliver any Shares pursuant to this Agreement if the delivery thereof would result in a violation of any such law or listing requirement.

**14. Section 409A of the Code.** It is intended that the Restricted Share Units and any Dividend Equivalents provided pursuant to this Agreement shall be exempt from, or comply with, the requirements of Section 409A of the Code, and this Agreement shall be interpreted, administered and governed in accordance with such intent. To the extent necessary to give effect to such intent, the Grantee's termination of employment shall mean, for purposes of this Agreement, the Grantee's "separation from service" within the meaning of Section 409A of the Code. In particular, it is intended that the Restricted Share Units and any Dividend Equivalents shall be exempt from Section 409A of the Code, to the maximum extent possible, pursuant to the "short-term deferral" exception thereto. However, to the extent that the Restricted Share Units or any Dividend Equivalents constitute a deferral of compensation subject to the requirements of Section 409A of the Code (for example, because the Grantee's governing employment agreement defines

“Good Reason” in a manner such that the Grantee’s termination of employment for Good Reason would not be treated as an involuntary separation from service for purposes of Section 409A of the Code), then the following rules shall apply, notwithstanding any other provision of this Agreement to the contrary:

(a) The Company will deliver the Shares underlying any Restricted Share Units that become vested in accordance with Section 2(b) or 2(c) of this Agreement and pay any Dividend Equivalents with respect to those vested Restricted Share Units within thirty (30) days after the first to occur of (i) the applicable Vesting Date; (ii) the occurrence of a Change in Control that is also a “change in the ownership,” a “change in the effective control,” or a “change in the ownership of a substantial portion of the assets” of the Company within the meaning of Section 409A of the Code; or (iii) the Grantee’s “separation from service” within the meaning of Section 409A of the Code; and

(b) If the Restricted Share Units (and any related Dividend Equivalents) become payable as a result of the Grantee’s separation from service (other than as a result of the Grantee’s death) and the Grantee is a “specified employee” at that time within the meaning of Section 409A of the Code (as determined pursuant to the Company’s policy for identifying specified employees), the Company will deliver the Shares underlying the vested Restricted Share Units and pay any related Dividend Equivalents to the Grantee on the first business day that is at least six months after the date of the Grantee’s separation from service (or upon the Grantee’s death if the Grantee dies before the end of that six-month period).

**15. Amendments.** Subject to the terms of the Plan, the Committee may modify this Agreement upon written notice to the Grantee. Any amendment to the Plan shall be deemed to be an amendment to this Agreement to the extent that the amendment is applicable hereto. Notwithstanding the foregoing, no amendment of the Plan or this Agreement shall adversely affect in a material way the rights of the Grantee under this Agreement without the Grantee’s consent unless the Committee determines, in good faith, that such amendment is required for the Agreement to either be exempt from the application of, or comply with, the requirements of Section 409A of the Code, or as otherwise may be provided in the Plan.

**16. Severability.** In the event that one or more of the provisions of this Agreement shall be invalidated for any reason by a court of competent jurisdiction, any provision so invalidated shall be deemed to be separable from the other provisions hereof, and the remaining provisions hereof shall continue to be valid and fully enforceable.

**17. Relation to Plan.** This Agreement is subject to the terms and conditions of the Plan. Except with respect to the provisions of the Restrictive Covenants Agreement and of any separately executed covenant not to compete with the Company expressly referenced herein, this Agreement and the Plan contain the entire agreement and understanding of the parties with respect to the subject matter contained in this Agreement, and supersede all prior written or oral communications, representations and negotiations in respect thereto. Except as otherwise provided in Section 8 hereof, in the event of any inconsistency between the provisions of this Agreement and the Plan, the Plan shall govern. The Committee acting pursuant to the Plan, as constituted from time to time, shall, except as expressly provided otherwise herein, have the right to determine any questions that arise in connection with the grant of Restricted Share Units.

**18. Successors and Assigns.** Without limiting Section 5, the provisions of this Agreement shall inure to the benefit of, and be binding upon, the successors, administrators, heirs, legal representatives and assigns of the Grantee, and the successors and assigns of the Company.

**19. Governing Law.** Except as otherwise provided in Section 8 hereof, the interpretation, performance, and enforcement of this Agreement shall be governed by the laws of the State of Delaware, without giving effect to the principles of conflict of laws thereof.

**20. Use of Grantee's Information.** Information about the Grantee and the Grantee's participation in the Plan may be collected, recorded and held, used and disclosed for any purpose related to the administration of the Plan. The Grantee understands that such processing of this information may need to be carried out by the Company and its Subsidiaries and by third-party administrators whether such persons are located within the Grantee's country or elsewhere, including the United States of America. The Grantee consents to the processing of information relating to the Grantee and the Grantee's participation in the Plan in any one or more of the ways referred to above.

**21. Electronic Delivery.** The Grantee hereby consents and agrees to electronic delivery of any documents that the Company may elect to deliver (including, but not limited to, prospectuses, prospectus supplements, grant or award notifications and agreements, account statements, annual and quarterly reports, and all other forms of communications) in connection with this and any other award made or offered under the Plan. The Grantee understands that, unless earlier revoked by the Grantee by giving written notice to the Senior Vice President, Chief Administrative Officer, General Counsel and Secretary of the Company, this consent shall be effective for the duration of the Agreement. The Grantee also understands that he or she shall have the right at any time to request that the Company deliver written copies of any and all materials referred to above at no charge. The Grantee hereby consents to any and all procedures the Company has established or may establish for an electronic signature system for delivery and acceptance of any such documents that the Company may elect to deliver, and agrees that his or her electronic signature is the same as, and shall have the same force and effect as, his or her manual signature. The Grantee consents and agrees that any such procedures and delivery may be effected by a third party engaged by the Company to provide administrative services related to the Plan.

**22. No Fractional Shares.** Fractional Shares or units will be subject to rounding conventions adopted by the Company from time to time; provided that in no event will the total shares issued exceed the total units granted under this award.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Date of Grant.

WILLIAMS INDUSTRIAL SERVICES GROUP INC.

By: \_\_\_\_\_

Name: Tracy D. Pagliara

Title: President and Chief Executive Officer

By executing this Agreement, you acknowledge that a copy of the Plan, Plan Summary and Prospectus, and the Company's most recent Annual Report and Proxy Statement (the "Prospectus Information") either have been received by you or are available for viewing on the Company's intranet site, and you consent to receiving this Prospectus Information electronically, or, in the alternative, agree to contact [☺], at [☺], to request a paper copy of the Prospectus Information at no charge.

GRANTEE

\_\_\_\_\_  
[☺]

**EXHIBIT A**  
**PERFORMANCE OBJECTIVES FOR THE**  
**PERFORMANCE PERIODS**

One third of the Restricted Share Units is allocated to each of the three Performance Periods listed below (fiscal years 2020, 2021 and 2022) and then allocated 50%-50% between the two Performance Objectives for each Performance Period. The earned portion of the Restricted Share Units allocated to a Performance Period shall vest on the Vesting Date, provided that the Grantee shall have remained in the continuous employ of the Company or a Subsidiary through the Vesting Date.

<b>Performance Objective*</b>	<b>Weighting</b>	<b>Performance Period = Fiscal Year</b>	<b>Threshold (50% payout of 1/3 of the Restricted Share Units)</b>	<b>Target (100% payout of 1/3 of the Restricted Share Units)</b>	<b>Maximum (200% payout of 1/3 of the Restricted Share Units)</b>
Operating Income	50%	2020	\$12,164,000	\$13,515,000	\$16,218,000
		2021	\$15,204,000	\$18,245,000	\$24,327,000
		2022	\$19,005,000	\$24,631,000	\$36,491,000
Free Cash Flow	50%	2020	\$9,498,000	\$10,553,000	\$12,664,000
		2021	\$11,872,000	\$14,247,000	\$18,995,000
		2022	\$14,840,000	\$19,233,000	\$28,493,000

\* Operating Income is defined as gross margin less SG&A expenses. Free Cash Flow is defined as adjusted EBITDA less interest, CapEx and cash taxes. Straight line interpolation will be used for performance between threshold, target and maximum levels.

If the applicable threshold level is achieved for a Performance Objective for the 2022 fiscal year, then the average payout level (as a % of target) for that Performance Objective for the 2021 and 2022 fiscal years is calculated, and that average payout level replaces the lower of the actual payout level for either fiscal year 2021 or 2022, as applicable. This design feature applies separately to each Performance Objective. The purpose of this design feature is to reward participants for cumulative 3-year results over the 2020 budget, even if not evenly distributed in years 2021 and 2022 (e.g., if revenue forecasted for 2021 is not realized until 2022, resulting in stronger year 2022 performance).

Notwithstanding any other provision of this Agreement, the Committee may in its sole discretion, and without the consent of the Grantee or any other persons, modify the payout formulas, Performance Objectives or the related minimum acceptable level of achievement, in whole or in part, as the Committee deems appropriate and equitable (i) to reflect changes in accounting principles or tax laws, (ii) to reflect a change in the business, operations, corporate structure or capital structure of the Company or its Subsidiaries, the manner in which it conducts its business, or other events or circumstances not contemplated at the time Performance Objectives were established; or (iii) in such other circumstances as the Committee may determine, in its sole discretion. Moreover, the Committee may, in its sole discretion, and without the consent of the Grantee or any other persons, reduce or increase the percentage of Restricted Share Units earned for any Performance Period, regardless of the level of attainment of the Performance Objectives, at any time prior to the payment of the Restricted Share Units, in light of the quality of the financial results, or such other factors as the Committee deems relevant, including changed or special circumstances that arose during the Performance Periods.

**WILLIAMS INDUSTRIAL SERVICES GROUP INC.  
2015 EQUITY INCENTIVE PLAN**

(As Amended and Restated as of May 12, 2020)

**1. Establishment, Purpose, Duration.**

(a) **Establishment.** Williams Industrial Services Group Inc. (f/k/a Global Power Equipment Group Inc.) (the “**Company**”), established an equity compensation plan known as the Williams Industrial Services Group Inc. 2015 Equity Incentive Plan (the “**Plan**”). The Plan was effective as of January 29, 2015 (the “**Effective Date**”), subject to the approval of the Plan by the stockholders of the Company (the date of such stockholder approval being the “**Approval Date**”). The Plan was amended on June 10, 2019, April 27, 2020 and May 12, 2020. Definitions of capitalized terms used in the Plan are contained in Section 2 of the Plan.

(b) **Purpose.** The purpose of the Plan is to attract and retain Directors (as defined below), officers and other key employees of the Company and its Subsidiaries and to provide to such persons incentives and rewards for superior performance.

(c) **Duration.** No Award may be granted under the Plan after the day immediately preceding the 10th anniversary of the Effective Date, or such earlier date as the Board shall determine. The Plan will remain in effect with respect to outstanding Awards until no Awards remain outstanding.

(d) **Prior Plan.** The Global Power Equipment Group Inc. 2011 Equity Incentive Plan (the “**Prior Plan**”) terminated in its entirety effective on the Approval Date; *provided* that all outstanding awards under the Prior Plan as of the Approval Date shall remain outstanding and shall be administered and settled in accordance with the provisions of the Prior Plan.

**2. Definitions.** As used in the Plan, the following definitions shall apply.

“**Applicable Laws**” means the applicable requirements relating to the administration of equity-based compensation plans under U.S. state corporate laws, U.S. federal and state securities laws, the Code, the rules of any stock exchange or quotation system on which the Shares are listed or quoted and the applicable laws of any other country or jurisdiction where Awards are granted under the Plan.

“**Approval Date**” has the meaning given such term in Section 1(a).

“**Award**” means a Nonqualified Stock Option, Incentive Stock Option, Stock Appreciation Right, Restricted Shares Award, Restricted Share Unit, Other Share-Based Award, or Cash-Based Award granted pursuant to the terms and conditions of the Plan.

“**Award Agreement**” means either: (a) an agreement, either in written or electronic format, entered into by the Company and a Participant setting forth the terms and provisions applicable to an Award granted under the Plan; or (b) a statement, either in written or electronic format, issued by the Company to a Participant describing the terms and provisions of such Award, which need not be signed by the Participant. Effective June 29, 2018, all references to Global Power Equipment Group Inc. in the Award Agreements were replaced with references to Williams Industrial Services Group Inc., except where the context clearly dictates otherwise.

“**Board**” means the Board of Directors of the Company.

“**Cash-Based Award**” shall mean a cash Award granted pursuant to Section 11 of the Plan.

“**Cause**” as a reason for a Participant’s termination of employment or service shall have the meaning assigned such term, if any, (a) in the employment, letter or severance agreement, if any, between the Participant and the Company or a Subsidiary, or (b) if none, under a severance plan or arrangement maintained by the Company or a Subsidiary that applies to the Participant on the date of termination. If the Participant is not a party to an

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employment, letter or severance agreement with the Company or a Subsidiary in which such term is defined or if during the applicable severance protection period, the Participant is not a participant in any severance plan or arrangement maintained by the Company or a Subsidiary, then unless otherwise defined in the applicable Award Agreement, “Cause” shall mean the occurrence of any one of the following as determined by the Committee: (i) The continued failure of Participant to perform substantially Participant’s duties with the Company or any of its Subsidiaries or Participant’s disregard of the directives of the Board or the Participant’s supervisor or reporting senior (in each case other than any such failure resulting from any medically determined physical or mental impairment) that is not cured by Participant within 20 days after a written demand for substantial performance is delivered to Participant by the Company which specifically identifies the manner in which the Company believes that Participant has not substantially performed Participant’s duties or disregarded a directive; (ii) The willful material misrepresentation at any time by Participant to the Board or the Company or Subsidiary; (iii) Participant’s commission of any act of fraud, misappropriation or embezzlement against or in connection with the Company or any of its Subsidiaries or their respective businesses or operations; (iv) A conviction, guilty plea or plea of nolo contendere of Participant for any crime involving dishonesty or for any felony; (v) A material breach by Participant of his or her fiduciary duties of loyalty or care to the Company or any of its Subsidiaries or a material violation of the Company’s Code of Business Conduct and Ethics or any other Company policy, as the same may be amended from time to time; (vi) The engaging by Participant in illegal conduct, gross misconduct, gross insubordination or gross negligence that is materially and demonstrably injurious to the Company’s business or financial condition; or (vii) Engaging in any activity in violation of any restrictive covenant, as specified in any agreement between a Participant and the Company or a Subsidiary, including, but not limited to, the Participant’s Award Agreement or any severance plan maintained by the Company or a Subsidiary that covers the Participant, during the period of restriction specified in the agreement or plan prohibiting the Participant from engaging in such activity. The Committee may in its discretion waive or modify the provisions of this paragraph at a meeting of the Committee with respect to any individual Participant with regard to the facts and circumstances of any particular situation involving a determination under this paragraph.

“Change in Control” means the occurrence of one of the following events:

(a) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act) (a “Person”) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 50% or more of either (x) the then outstanding shares of common stock of the Company (the “Outstanding Common Shares”) or (y) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the “Outstanding Voting Securities”); provided, however, that for purposes of this subsection (a), the following acquisitions shall not constitute a Change in Control: (i) any acquisition directly from the Company; (ii) any acquisition by the Company; (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or its affiliated companies; or (iv) any acquisition by any corporation pursuant to a transaction which complies with clauses (i), (ii) and (iii) of subsection (c) of this definition; or

(b) Individuals who, as of the Effective Date, constitute the Board (the “Incumbent Board”) cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the Effective Date whose election, or nomination for election by the Company’s stockholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board;

(c) Consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company (a “Business Combination”), in each case, unless, following such Business Combination, (i) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Common Shares and Outstanding Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation which as a result of such transaction owns the Company

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or all or substantially all of the Company's assets either directly or through one or more of its affiliated companies) in substantially the same proportions as their ownership, immediately prior to such Business Combination of the Outstanding Common Shares and Outstanding Voting Securities, as the case may be, (ii) no Person (excluding any corporation resulting from such Business Combination or any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 50% or more of, respectively, the then outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the then outstanding voting securities of such corporation except to the extent that such ownership existed prior to the Business Combination and (iii) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

(d) Approval by the stockholders of the Company of a complete liquidation or dissolution of the Company.

“Code” means the Internal Revenue Code of 1986, as amended.

“Committee” means the Compensation Committee of the Board or such other committee or subcommittee of the Board as may be duly appointed to administer the Plan and having such powers in each instance as shall be specified by the Board. To the extent required by Applicable Laws, the Committee shall consist of two or more members of the Board, each of whom is a “non-employee director” within the meaning of Rule 16b-3 promulgated under the Exchange Act, an “outside director” within the meaning of regulations promulgated under Section 162(m) of the Code, and an “independent director” within the meaning of applicable rules of any securities exchange upon which Shares are listed.

“Company” has the meaning given such term in Section 1(a) and any successor thereto.

“Date of Grant” means the date as of which an Award is determined to be effective and designated in a resolution by the Committee and is granted pursuant to the Plan. The Date of Grant shall not be earlier than the date of the resolution and action therein by the Committee. In no event shall the Date of Grant be earlier than the Effective Date.

“Detrimental Activity” except as may be otherwise specified in a Participant's Award Agreement, means: (a) Engaging in any activity of competition, as specified in any covenant not to compete set forth in any agreement between a Participant and the Company or a Subsidiary, including, but not limited to, the Participant's Award Agreement or any severance plan maintained by the Company or a Subsidiary that covers the Participant, during the period of restriction specified in the agreement or plan prohibiting the Participant from engaging in such activity; (b) Engaging in any activity of solicitation, as specified in any covenant not to solicit set forth in any agreement between a Participant and the Company or a Subsidiary, including, but not limited to, the Participant's Award Agreement or any severance plan maintained by the Company or a Subsidiary that covers the Participant, during the period of restriction specified in the agreement or plan prohibiting the Participant from engaging in such activity; (c) The disclosure of confidential information to anyone outside the Company or a Subsidiary, or the use in other than the Company's or a Subsidiary's business in violation of any covenant not to disclose set forth in any agreement between a Participant and the Company or a Subsidiary, including, but not limited to, the Participant's Award Agreement or any severance plan maintained by the Company or a Subsidiary that covers the Participant, during the period of restriction specified in the agreement or plan prohibiting the Participant from engaging in such activity; (d) The violation of any development and inventions, ownership of works, or similar provision set forth in any agreement between a Participant and the Company or a Subsidiary, including, but not limited to, the Participant's Award Agreement or any severance plan maintained by the Company or a Subsidiary that covers the Participant; (e) Participant's commission of any act of fraud, misappropriation or embezzlement against or in connection with the Company or any of its Subsidiaries or their respective businesses or operations; or (f) a conviction, guilty plea or plea of nolo contendere of Participant for any crime involving dishonesty or for any felony.

“Director” means any individual who is a member of the Board who is not an Employee.

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“Effective Date” has the meaning given such term in Section 1(a).

“Employee” means any employee of the Company or a Subsidiary; *provided, however*, that for purposes of determining whether any person may be a Participant for purposes of any grant of Incentive Stock Options, the term “Employee” has the meaning given to such term in Section 3401(c) of the Code, as interpreted by the regulations thereunder and Applicable Law.

“Exchange Act” means the Securities Exchange Act of 1934 and the rules and regulations thereunder, as such law, rules and regulations may be amended from time to time.

“Fair Market Value” means the value of one Share on any relevant date, determined under the following rules: (a) the closing sale price per Share on that date as reported on the principal exchange on which Shares are then trading, if any, or if applicable the New York Stock Exchange, or if there are no sales on that date, on the next preceding trading day during which a sale occurred; (b) if the Shares are not reported on a principal exchange or national market system, the average of the closing bid and asked prices last quoted on that date by an established quotation service for over-the-counter securities; or (c) if neither (a) nor (b) applies, (i) with respect to Stock Options, Stock Appreciation Rights and any Award of stock rights that is subject to Section 409A of the Code, the value as determined by the Committee through the reasonable application of a reasonable valuation method, taking into account all information material to the value of the Company, within the meaning of Section 409A of the Code, and (ii) with respect to all other Awards, the fair market value as determined by the Committee in good faith.

“Good Reason” as a reason for a Participant’s termination of employment or service shall have the meaning assigned such term, if any, (a) in the employment, letter or severance agreement, if any, between the Participant and the Company or a Subsidiary, or (b) if none, under a severance plan or arrangement maintained by the Company or a Subsidiary that applies to the Participant on the date of termination. If the Participant is not a party to an employment, letter or severance agreement with the Company or a Subsidiary in which such term is defined or if during the applicable severance protection period, the Participant is not a participant in any severance plan or arrangement maintained by the Company or a Subsidiary, then unless otherwise defined in the applicable Award Agreement, “Good Reason” shall mean, unless otherwise provided by the Committee in its sole discretion, a reduction by the Company of Participant’s annual base salary by more than 10% (other than an across-the-board reduction which applies in a comparable manner to other senior executives of the Company). A termination of Participant’s employment by Participant shall not be deemed to be for Good Reason unless (x) Participant gives notice to the Company of the existence of the event or condition constituting Good Reason within 30 calendar days after such event or condition initially occurs or exists, and (y) the Company fails to cure such event or condition within 30 calendar days after receiving such notice. Additionally, Participant must terminate his or her employment within 90 calendar days after the initial occurrence of the circumstance constituting Good Reason for such termination to be “Good Reason” hereunder.

“Incentive Stock Option” means a Stock Option that is designated as an Incentive Stock Option and that is intended to meet the requirements of Section 422 of the Code.

“Nonqualified Stock Option” means a Stock Option that is not intended to meet the requirements of Section 422 of the Code or otherwise does not meet such requirements.

“Other Share-Based Award” means an equity-based or equity-related Award not otherwise described by the terms of the Plan, granted in accordance with the terms and conditions set forth in Section 10.

“Participant” means any eligible individual as set forth in Section 5 who holds one or more outstanding Awards.

“Performance-Based Exception” means the performance-based exception from the tax deductibility limitations of Section 162(m) of the Code.

“Performance Objectives” means the performance objective or objectives established by the Committee pursuant to the Plan. Any Performance Objectives may relate to the performance of the Company or one or more of

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its Subsidiaries, divisions, departments, units, functions, partnerships, joint ventures or minority investments, product lines or products, or the performance of the individual Participant, and may include, without limitation, the Performance Objectives set forth in Section 13(b). The Performance Objectives may be made relative to the performance of a group of comparable companies, or published or special index that the Committee, in its sole discretion, deems appropriate, or the Company may select Performance Objectives as compared to various stock market indices. Performance Objectives may be stated as a combination of the listed factors.

“Plan” has the meaning given such term in Section 1(a), as amended from time to time.

“Prior Plan” has the meaning given such term in Section 1(d).

“Qualified Termination” means any termination of a Participant’s employment during the two-year period commencing on a Change in Control: (a) by the Company, any of its Subsidiaries or the resulting entity in connection with a Change in Control other than for Cause, death or Disability, or (b) by the Participant for Good Reason.

“Restricted Shares” means Shares granted or sold pursuant to Section 8 as to which neither the substantial risk of forfeiture nor the prohibition on transfers referred to in such Section 8 has expired.

“Restricted Share Unit” means a grant or sale of the right to receive Shares or cash at the end of a specified restricted period made pursuant to Section 9.

“SEC” means the United States Securities and Exchange Commission.

“Share” means a share of common stock of the Company, \$0.01 par value per share, or any security into which such Share may be changed by reason of any transaction or event of the type referred to in Section 16.

“Stock Appreciation Right” means a right granted pursuant to Section 7.

“Stock Option” means a right to purchase a Share granted to a Participant under the Plan in accordance with the terms and conditions set forth in Section 6. Stock Options may be either Incentive Stock Options or Nonqualified Stock Options.

“Subsidiary” means: (a) with respect to an Incentive Stock Option, a “subsidiary corporation” as defined under Section 424(f) of the Code; and (b) for all other purposes under the Plan, any corporation or other entity in which the Company owns, directly or indirectly, a proprietary interest of more than 50% by reason of stock ownership or otherwise.

“Ten Percent Stockholder” means any Participant who owns more than 10% of the combined voting power of all classes of stock of the Company, within the meaning of Section 422 of the Code.

### **3. Shares Available Under the Plan.**

(a) Shares Available for Awards. The maximum number of Shares that may be issued or delivered pursuant to Awards under the Plan shall be 3,500,000, of which 2,000,000 Shares may be granted with respect to Incentive Stock Options. Shares issued or delivered pursuant to an Award may be authorized but unissued Shares, treasury Shares, including Shares purchased in the open market, or a combination of the foregoing. The aggregate number of Shares available for issuance or delivery under the Plan shall be subject to adjustment as provided in Section 16.

(b) Share Usage. In addition to the number of Shares provided for in Section 3(a), the following Shares shall be available for Awards under the Plan: (i) Shares covered by an Award that expires or is forfeited, canceled, surrendered or otherwise terminated without the issuance of such Shares; (ii) Shares covered by an Award that is settled only in cash; (iii) effective March 31, 2020, Shares withheld by the Company or any Subsidiary to satisfy a tax withholding obligation; and (iv) Shares granted through the assumption of, or in substitution for,

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outstanding awards granted by a company to individuals who become Employees or Directors as the result of a merger, consolidation, acquisition or other corporate transaction involving such company and the Company or any of its affiliates (except as may be required by reason of Section 422 of the Code or the rules and regulations of any stock exchange or other trading market on which the Shares are listed).

(c) Prohibition of Share Recycling. The following Shares issued or delivered under this Plan shall not again be available for grant as described above: (i) Shares tendered in payment of the exercise price of a Stock Option; and (ii) Shares that are repurchased by the Company with Stock Option proceeds. Without limiting the foregoing, with respect to any Stock Appreciation Right that is settled in Shares, the full number of Shares subject to the Award shall count against the number of Shares available for Awards under the Plan regardless of the number of Shares used to settle the Stock Appreciation Right upon exercise.

(d) Per Participant Limits. Subject to adjustment as provided in Section 16 of the Plan, the following limits shall apply with respect to Awards that are intended to qualify for the Performance-Based Exception: (i) the maximum aggregate number of Shares that may be subject to Stock Options or Stock Appreciation Rights granted in any calendar year to any one Participant shall be 75,000 Shares; (ii) the maximum aggregate number of Restricted Shares and Shares issuable or deliverable under Restricted Share Units and Other Share-Based Awards granted in any calendar year to any one Participant shall be 125,000 Shares; (iii) the maximum aggregate compensation that can be paid pursuant to Cash-Based Awards or Other Share-Based Awards granted in any calendar year to any one Participant shall be \$2,500,000 or a number of Shares having an aggregate Fair Market Value not in excess of such amount; and (iv) the maximum dividend equivalents that may be paid in any calendar year to any one Participant shall be \$250,000 or a number of Shares having an aggregate Fair Market Value not in excess of such amount.

(e) Director Limits. No Director may be granted, during any one calendar year, Awards with a grant date fair value for financial accounting purposes of more than \$250,000.

#### **4. Administration of the Plan.**

(a) In General. The Plan shall be administered by the Committee. Except as otherwise provided by the Board, the Committee shall have full and final authority in its discretion to take all actions determined by the Committee to be necessary in the administration of the Plan, including, without limitation, discretion to: select Award recipients; determine the sizes and types of Awards; determine the terms and conditions of Awards in a manner consistent with the Plan; grant waivers of terms, conditions, restrictions and limitations applicable to any Award, or accelerate the vesting or exercisability of any Award, in a manner consistent with the Plan; construe and interpret the Plan and any Award Agreement or other agreement or instrument entered into under the Plan; establish, amend, or waive rules and regulations for the Plan's administration; and take such other action, not inconsistent with the terms of the Plan, as the Committee deems appropriate. To the extent permitted by Applicable Laws, the Committee may, in its discretion, delegate to one or more Directors or Employees any of the Committee's authority under the Plan. The acts of any such delegates shall be treated hereunder as acts of the Committee with respect to any matters so delegated.

(b) Determinations. The Committee shall have no obligation to treat Participants or eligible Participants uniformly, and the Committee may make determinations under the Plan selectively among Participants who receive, or Employees or Directors who are eligible to receive, Awards (whether or not such Participants or eligible Employees or Directors are similarly situated). All determinations and decisions made by the Committee pursuant to the provisions of the Plan and all related orders and resolutions of the Committee shall be final, conclusive and binding on all persons, including the Company, its Subsidiaries, its stockholders, Directors, Employees, Participants and their estates and beneficiaries.

(c) Authority of the Board. The Board may reserve to itself any or all of the authority or responsibility of the Committee under the Plan or may act as the administrator of the Plan for any and all purposes. To the extent the Board has reserved any such authority or responsibility or during any time that the Board is acting as administrator of the Plan, it shall have all the powers of the Committee hereunder, and any reference herein to the Committee (other than in this Section 4(c)) shall include the Board. To the extent that any action of the Board under the Plan conflicts with any action taken by the Committee, the action of the Board shall

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control. Without limiting the foregoing, the Board specifically reserves the exclusive authority to approve and administer all Awards granted to Directors under the Plan.

**5. Eligibility and Participation.** Each Employee and Director is eligible to participate in the Plan. Subject to the provisions of the Plan, the Committee may, from time to time, select from all eligible Employees and Directors those to whom Awards shall be granted and shall determine, in its sole discretion, the nature of any and all terms permissible by Applicable Law and the amount of each Award.

**6. Stock Options.** Subject to the terms and conditions of the Plan, Stock Options may be granted to Participants in such number, and upon such terms and conditions, as shall be determined by the Committee in its sole discretion.

(a) Award Agreement. Each Stock Option shall be evidenced by an Award Agreement that shall specify the exercise price, the term of the Stock Option, the number of Shares covered by the Stock Option, the conditions upon which the Stock Option shall become vested and exercisable and such other terms and conditions as the Committee shall determine and which are not inconsistent with the terms and conditions of the Plan. The Award Agreement also shall specify whether the Stock Option is intended to be an Incentive Stock Option or a Nonqualified Stock Option.

(b) Exercise Price. The exercise price per Share of a Stock Option shall be determined by the Committee at the time the Stock Option is granted and shall be specified in the related Award Agreement; provided, however, that in no event shall the exercise price per Share of any Stock Option be less than 100% of the Fair Market Value of a Share on the Date of Grant.

(c) Term. The term of a Stock Option shall be determined by the Committee and set forth in the related Award Agreement *provided, however*, that in no event shall the term of any Stock Option exceed 10 years from its Date of Grant.

(d) Exercisability. Stock Options shall become exercisable at such times and upon such terms and conditions as shall be determined by the Committee and set forth in the related Award Agreement. Such terms and conditions may include, without limitation, the satisfaction of (i) performance goals based on one or more Performance Objectives, and (ii) time-based vesting requirements.

(e) Exercise of Stock Options. Except as otherwise provided in the Plan or in a related Award Agreement, a Stock Option may be exercised for all or any portion of the Shares for which it is then exercisable. A Stock Option shall be exercised by the delivery of a notice of exercise to the Company or its designee in a form specified by the Company which sets forth the number of Shares with respect to which the Stock Option is to be exercised and full payment of the exercise price for such Shares. The exercise price of a Stock Option may be paid: (i) in cash or its equivalent; (ii) by tendering (either by actual delivery or attestation) previously acquired Shares having an aggregate Fair Market Value at the time of exercise equal to the aggregate exercise price; (iii) by a cashless exercise (including by withholding Shares deliverable upon exercise and through a broker-assisted arrangement to the extent permitted by Applicable Law); (iv) by a combination of the methods described in clauses (i), (ii) and/or (iii); or (v) through any other method approved by the Committee in its sole discretion. As soon as practicable after receipt of the notification of exercise and full payment of the exercise price, the Company shall cause the appropriate number of Shares to be issued to the Participant.

(f) Special Rules Applicable to Incentive Stock Options. Notwithstanding any other provision in the Plan to the contrary:

(i) Incentive Stock Options may be granted only to Employees of the Company and its Subsidiaries. The terms and conditions of Incentive Stock Options shall be subject to and comply with the requirements of Section 422 of the Code.

(ii) To the extent that the aggregate Fair Market Value of the Shares (determined as of the Date of Grant) with respect to which an Incentive Stock Option is exercisable for the first time by any

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Participant during any calendar year (under all plans of the Company and its Subsidiaries) is greater than \$100,000 (or such other amount specified in Section 422 of the Code), as calculated under Section 422 of the Code, then the Stock Option shall be treated as a Nonqualified Stock Option.

- (iii) No Incentive Stock Option shall be granted to any Participant who, on the Date of Grant, is a Ten Percent Stockholder, unless
- (x) the exercise price per Share of such Incentive Stock Option is at least 110% of the Fair Market Value of a Share on the Date of Grant, and
- (y) the term of such Incentive Stock Option shall not exceed 5 years from the Date of Grant.

**7. Stock Appreciation Rights.** Subject to the terms and conditions of the Plan, Stock Appreciation Rights may be granted to Participants in such number, and upon such terms and conditions, as shall be determined by the Committee in its sole discretion.

(a) Award Agreement. Each Stock Appreciation Right shall be evidenced by an Award Agreement that shall specify the exercise price, the term of the Stock Appreciation Right, the number of Shares covered by the Stock Appreciation Right, the conditions upon which the Stock Appreciation Right shall become vested and exercisable and such other terms and conditions as the Committee shall determine and which are not inconsistent with the terms and conditions of the Plan.

(b) Exercise Price. The exercise price per Share of a Stock Appreciation Right shall be determined by the Committee at the time the Stock Appreciation Right is granted and shall be specified in the related Award Agreement; provided, however, that in no event shall the exercise price per Share of any Stock Appreciation Right be less than 100% of the Fair Market Value of a Share on the Date of Grant.

(c) Term. The term of a Stock Appreciation Right shall be determined by the Committee and set forth in the related Award Agreement; provided however, that in no event shall the term of any Stock Appreciation Right exceed 10 years from its Date of Grant.

(d) Exercisability of Stock Appreciation Rights. A Stock Appreciation Right shall become exercisable at such times and upon such terms and conditions as may be determined by the Committee and set forth in the related Award Agreement. Such terms and conditions may include, without limitation, the satisfaction of (i) performance goals based on one or more Performance Objectives, and (ii) time-based vesting requirements.

(e) Exercise of Stock Appreciation Rights. Except as otherwise provided in the Plan or in a related Award Agreement, a Stock Appreciation Right may be exercised for all or any portion of the Shares for which it is then exercisable. A Stock Appreciation Right shall be exercised by the delivery of a notice of exercise to the Company or its designee in a form specified by the Company which sets forth the number of Shares with respect to which the Stock Appreciation Right is to be exercised. Upon exercise, a Stock Appreciation Right shall entitle a Participant to an amount equal to (a) the excess of (i) the Fair Market Value of a Share on the exercise date over (ii) the exercise price per Share, multiplied by (b) the number of Shares with respect to which the Stock Appreciation Right is exercised. A Stock Appreciation Right may be settled in whole Shares, cash or a combination thereof, as specified by the Committee in the related Award Agreement.

**8. Restricted Shares.** Subject to the terms and conditions of the Plan, Restricted Shares may be granted or sold to Participants in such number, and upon such terms and conditions, as shall be determined by the Committee in its sole discretion.

(a) Award Agreement. Each Restricted Shares Award shall be evidenced by an Award Agreement that shall specify the number of Restricted Shares, the restricted period(s) applicable to the Restricted Shares, the conditions upon which the restrictions on the Restricted Shares will lapse and such other terms and conditions as the Committee shall determine and which are not inconsistent with the terms and conditions of the Plan.

(b) Terms, Conditions and Restrictions. The Committee shall impose such other terms, conditions and/or restrictions on any Restricted Shares as it may deem advisable, including, without limitation, a requirement that the Participant pay a purchase price for each Restricted Share, restrictions based on the achievement of specific

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Performance Objectives, time-based restrictions or holding requirements or sale restrictions placed on the Shares by the Company upon vesting of such Restricted Shares. Unless otherwise provided in the related Award Agreement or required by Applicable Law, the restrictions imposed on Restricted Shares shall lapse upon the expiration or termination of the applicable restricted period and the satisfaction of any other applicable terms and conditions.

(c) Custody of Certificates. To the extent deemed appropriate by the Committee, the Company may retain the certificates representing Restricted Shares in the Company's possession until such time as all terms, conditions and/or restrictions applicable to such Shares have been satisfied or lapse.

(d) Rights Associated with Restricted Shares during Restricted Period. During any restricted period applicable to Restricted Shares: (i) the Restricted Shares may not be sold, transferred, pledged, assigned or otherwise alienated or hypothecated; (ii) unless otherwise provided in the related Award Agreement, the Participant shall be entitled to exercise full voting rights associated with such Restricted Shares; and (iii) the Participant shall be entitled to all dividends and other distributions paid with respect to such Restricted Shares during the restricted period. The Award Agreement may require that receipt of any dividends or other distributions with respect to the Restricted Shares shall be subject to the same terms and conditions as the Restricted Shares with respect to which they are paid. Notwithstanding the preceding sentence, dividends or other distributions with respect to Restricted Shares that vest based on the achievement of Performance Objectives shall be accumulated until such Award is earned, and the dividends or other distributions shall not be paid if the Performance Objectives are not satisfied.

**9. Restricted Share Units.** Subject to the terms and conditions of the Plan, Restricted Share Units may be granted or sold to Participants in such number, and upon such terms and conditions, as shall be determined by the Committee in its sole discretion.

(a) Award Agreement. Each Restricted Share Unit shall be evidenced by an Award Agreement that shall specify the number of units, the restricted period(s) applicable to the Restricted Share Units, the conditions upon which the restrictions on the Restricted Share Units will lapse, the time and method of payment of the Restricted Share Units, and such other terms and conditions as the Committee shall determine and which are not inconsistent with the terms and conditions of the Plan.

(b) Terms, Conditions and Restrictions. The Committee shall impose such other terms, conditions and/or restrictions on any Restricted Share Units as it may deem advisable, including, without limitation, a requirement that the Participant pay a purchase price for each Restricted Share Unit, restrictions based on the achievement of specific Performance Objectives or time-based restrictions or holding requirements.

(c) Form of Settlement. Restricted Share Units may be settled in whole Shares, cash or a combination thereof, as specified by the Committee in the related Award Agreement.

(d) Dividend Equivalents. Restricted Share Units may provide the Participant with dividend equivalents, on either a current or deferred or contingent basis, and either in cash or in additional Shares, as determined by the Committee in its sole discretion and set forth in the related Award Agreement; provided that dividend equivalents with respect to Restricted Share Units that vest based on the achievement of Performance Objectives shall be accumulated until such Award is earned, and the dividend equivalents shall not be paid if the Performance Objectives are not satisfied.

**10. Other Share-Based Awards.** Subject to the terms and conditions of the Plan, Other Share-Based Awards may be granted to Participants in such number, and upon such terms and conditions, as shall be determined by the Committee in its sole discretion. Other Share-Based Awards are Awards that are valued in whole or in part by reference to, or otherwise based on the Fair Market Value of, Shares, and shall be in such form as the Committee shall determine, including without limitation, unrestricted Shares or time-based or performance-based units that are settled in Shares and/or cash.

(a) Award Agreement. Each Other Share-Based Award shall be evidenced by an Award Agreement that shall specify the terms and conditions upon which the Other Share-Based Award shall become vested, if

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applicable, the time and method of settlement, the form of settlement and such other terms and conditions as the Committee shall determine and which are not inconsistent with the terms and conditions of the Plan.

(b) Form of Settlement. An Other Share-Based Award may be settled in whole Shares, cash or a combination thereof, as specified by the Committee in the related Award Agreement.

(c) Dividend Equivalents. Other Share-Based Awards may provide the Participant with dividend equivalents, on either a current or deferred or contingent basis, and either in cash or in additional Shares, as determined by the Committee in its sole discretion and set forth in the related Award Agreement; provided that dividend equivalents with respect to Other Share-Based Awards that vest based on the achievement of Performance Objectives shall be accumulated until such Award is earned, and the dividend equivalents shall not be paid if the Performance Objectives are not satisfied.

**11. Cash-Based Awards.** Subject to the terms and conditions of the Plan, Cash-Based Awards may be granted to Participants in such amounts and upon such other terms and conditions as shall be determined by the Committee in its sole discretion. Each Cash-Based Award shall be evidenced by an Award Agreement that shall specify the payment amount or payment range, the time and method of settlement and the other terms and conditions, as applicable, of such Award which may include, without limitation, restrictions based on the achievement of specific Performance Objectives.

**12. Compliance with Section 409A.** Awards granted under the Plan shall be designed and administered in such a manner that they are either exempt from the application of, or comply with, the requirements of Section 409A of the Code. To the extent that the Committee determines that any award granted under the Plan is subject to Section 409A of the Code, the Award Agreement shall incorporate the terms and conditions necessary to avoid the imposition of an additional tax under Section 409A of the Code upon a Participant. Notwithstanding any other provision of the Plan or any Award Agreement (unless the Award Agreement provides otherwise with specific reference to this Section 12): (a) an Award shall not be granted, deferred, accelerated, extended, paid out, settled, substituted or modified under the Plan in a manner that would result in the imposition of an additional tax under Section 409A of the Code upon a Participant; and (b) if an Award is subject to Section 409A of the Code, and if the Participant holding the award is a "specified employee" (as defined in Section 409A of the Code, with such classification to be determined in accordance with the methodology established by the Company), then, to the extent required to avoid the imposition of an additional tax under Section 409A of the Code upon a Participant, no distribution or payment of any amount shall be made before the date that is 6 months following the date of such Participant's "separation from service" (as defined in Section 409A of the Code) or, if earlier, the date of the Participant's death. Although the Company intends to administer the Plan so that Awards will be exempt from, or will comply with, the requirements of Section 409A of the Code, the Company does not warrant that any Award under the Plan will qualify for favorable tax treatment under Section 409A of the Code or any other provision of federal, state, local, or non-United States law. The Company shall not be liable to any Participant for any tax, interest, or penalties the Participant might owe as a result of the grant, holding, vesting, exercise, or payment of any Award under the Plan.

**13. Compliance with Section 162(m).**

(a) In General. Notwithstanding anything in the Plan to the contrary, Restricted Shares, Restricted Share Units, Other Share-Based Awards and Cash-Based Awards may be granted in a manner that is intended to qualify the Award for the Performance-Based Exception. As determined by the Committee in its sole discretion, the grant, vesting, exercisability and/or settlement of any Awards intended to qualify the Award for the Performance-Based Exception shall be conditioned on the attainment of one or more Performance Objectives during a performance period established by the Committee. Any such Award must meet the requirements of this Section 13.

(b) Performance Objectives. If an Award is intended to qualify for the Performance-Based Exception, then the Performance Objectives shall be based on specified levels of or growth in one or more of the following criteria: revenues, earnings from operations, operating income, earnings before or after interest and taxes, operating income before or after interest and taxes, net income, cash flow, operating cash flow, earnings per share, return on total capital, return on invested capital, return on gross investment, return on equity, return on assets, total return to stockholders, earnings before or after interest, taxes, depreciation, amortization or extraordinary or special items,

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operating income before or after interest, taxes, depreciation, amortization or extraordinary or special items, return on investment, free cash flow, cash flow return on investment (discounted or otherwise), net cash provided by operations, cash flow in excess of cost of capital, operating margin, profit margin, contribution margin, stock price and/or strategic business criteria consisting of one or more objectives based on meeting specified product development, strategic partnering, research and development milestones, market penetration, geographic business expansion goals, cost targets, customer satisfaction, management of employment practices and employee benefits, supervision of litigation and information technology, and goals relating to acquisitions or divestitures of subsidiaries, affiliates and joint ventures.

(c) **Establishment of Performance Objectives.** With respect to Awards intended to qualify for the Performance-Based Exception, the Committee shall establish: (i) the applicable Performance Objectives and performance period, and (ii) the formula for computing the payout. Such terms and conditions shall be established in writing while the outcome of the applicable performance period is substantially uncertain, but in no event later than the earlier of: (x) 90 days after the beginning of the applicable performance period; or (y) the expiration of 25% of the applicable performance period.

(d) **Certification of Performance.** With respect to any Award intended to qualify for the Performance-Based Exception, the Committee shall certify in writing whether the applicable Performance Objectives and other material terms imposed on such Award have been satisfied, and, if they have, ascertain the amount of the payout or vesting of the Award. Notwithstanding any other provision of the Plan, payment or vesting of any such Award shall not be made until the Committee certifies in writing that the applicable Performance Objectives and any other material terms of such Award were in fact satisfied in a manner conforming to applicable regulations under Section 162(m) of the Code.

(e) **Negative Discretion.** With respect to any Award intended to qualify for the Performance-Based Exception, the Committee shall not have discretion to increase the amount of compensation that is payable upon achievement of the designated Performance Objectives. However, the Committee may, in its sole discretion, reduce the amount of compensation that is payable upon achievement of the designated Performance Objectives.

**14. Minimum Vesting for Awards to Employees.** Subject to Sections 19, 21 and 22(b) of the Plan, or as otherwise provided in the related Award Agreement in connection with a Change in Control or a Participant's death, disability, retirement, involuntary termination of employment or service without Cause or termination of employment or service for good reason, (i) no condition on vesting of an Award granted to an Employee that is based solely upon the achievement of Performance Objectives shall be based on performance over a period of less than one year, and (ii) no condition on vesting of an Award granted to an Employee that is based solely upon continued employment or service shall provide for vesting in full of such Award more quickly than one year from the Date of Grant of the Award (which vesting period may lapse on a pro-rated, graded, or cliff basis as specified in the Award Agreement); provided, however, that Awards to Employees covering up to 5% of the Shares available for grant under this Plan may be granted with a vesting period of less than one year, regardless of whether vesting is conditioned upon the achievement of Performance Objectives.

**15. Transferability.** Except as otherwise determined by the Committee, no Award or dividend equivalents paid with respect to any Award shall be transferable by the Participant except by will or the laws of descent and distribution; *provided*, that if so determined by the Committee, each Participant may, in a manner established by the Board or the Committee, designate a beneficiary to exercise the rights of the Participant with respect to any Award upon the death of the Participant and to receive Shares or other property issued or delivered under such Award. Except as otherwise determined by the Committee, Stock Options and Stock Appreciation Rights will be exercisable during a Participant's lifetime only by the Participant or, in the event of the Participant's legal incapacity to do so, by the Participant's guardian or legal representative acting on behalf of the Participant in a fiduciary capacity under state law and/or court supervision.

**16. Adjustments.** In the event of any equity restructuring (within the meaning of Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation — Stock Compensation), such as a stock dividend, stock split, reverse stock split, spinoff, rights offering, or recapitalization through a large, nonrecurring cash dividend, the Committee shall cause there to be an equitable adjustment in the numbers of Shares specified in Section 3 of the Plan and, with respect to outstanding Awards, in the number and

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kind of Shares subject to outstanding Awards, the exercise price, exercise price or other price of Shares subject to outstanding Awards, in each case to prevent dilution or enlargement of the rights of Participants. In the event of any other change in corporate capitalization, or in the event of a merger, consolidation, liquidation, or similar transaction, the Committee may, in its sole discretion, cause there to be an equitable adjustment as described in the foregoing sentence, to prevent dilution or enlargement of rights; *provided, however*, that, unless otherwise determined by the Committee, the number of Shares subject to any Award shall always be rounded down to a whole number. Notwithstanding the foregoing, the Committee shall not make any adjustment pursuant to this Section 16 that would (i) cause any Stock Option intended to qualify as an Incentive Stock Option to fail to so qualify, (ii) cause an Award that is otherwise exempt from Section 409A of the Code to become subject to Section 409A of the Code, or (iii) cause an Award that is subject to Section 409A of the Code to fail to satisfy the requirements of Section 409A of the Code. The determination of the Committee as to the foregoing adjustments, if any, shall be conclusive and binding on all Participants and any other persons claiming under or through any Participant.

**17. Fractional Shares.** The Company shall not be required to issue or deliver any fractional Shares pursuant to the Plan and, unless otherwise provided by the Committee, fractional shares shall be settled in cash.

**18. Withholding Taxes.** To the extent required by Applicable Law, a Participant shall be required to satisfy, in a manner satisfactory to the Company or Subsidiary, as applicable, any withholding tax obligations that arise by reason of a Stock Option or Stock Appreciation Right exercise, the vesting of or settlement of Shares under an Award, an election pursuant to Section 83(b) of the Code or otherwise with respect to an Award. The Company and its Subsidiaries shall not be required to issue or deliver Shares, make any payment or to recognize the transfer or disposition of Shares until such obligations are satisfied. The Committee may permit or require these obligations to be satisfied by having the Company withhold a portion of the Shares that otherwise would be issued or delivered to a Participant upon exercise of a Stock Option or Stock Appreciation Right or upon the vesting or settlement of an Award, or by tendering Shares previously acquired, in each case having a Fair Market Value equal to the minimum amount required to be withheld or paid. Any such elections are subject to such conditions or procedures as may be established by the Committee and may be subject to disapproval by the Committee.

**19. Foreign Employees.** Without amending the Plan, the Committee may grant Awards to Participants who are foreign nationals on such terms and conditions different from those specified in the Plan as may in the judgment of the Committee be necessary or desirable to foster and promote achievement of the purposes of the Plan, and, in furtherance of such purposes, the Committee may make such modifications, amendments, procedures, and the like as may be necessary or advisable to comply with provisions of Applicable Laws of other countries in which the Company or its Subsidiaries operate or have employees.

**20. Detrimental Activity; Forfeiture of Awards.**

(a) Detrimental Activity. Any Award Agreement may provide that if the Committee determines a Participant has engaged in any Detrimental Activity, either during service with the Company or a Subsidiary or after termination of such service, then, promptly upon receiving notice of the Committee's determination, the Participant shall:

(i) forfeit that Award to the extent then held by the Participant;

(ii) subject to Section 20(b) below, return to the Company or the Subsidiary all Shares that the Participant has not disposed of that had been acquired pursuant to that Award, in exchange for payment by the Company or the Subsidiary of any amount actually paid therefor by the Participant; and

(iii) subject to Section 20(b) below, with respect to any Shares acquired pursuant to an Award that were disposed of, pay to the Company or the Subsidiary, in cash, the excess, if any, of: (A) the Fair Market Value of the Shares on the date acquired, over (B) any amount actually paid by the Participant for the Shares.

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(b) Period of Restriction. Sections 20(a)(ii) and (iii) shall apply only to Shares that were acquired pursuant to the Award during a period of two (2) years prior to the date of the Participant's initial commencement of the Detrimental Activity (or such other period of time specified by the Committee in the Award Agreement).

(c) Compensation Recovery Policy. Any Award granted to a Participant shall be subject to forfeiture or repayment pursuant to the terms of any applicable compensation recovery policy adopted by the Company, including any such policy that may be adopted to comply with the Dodd-Frank Wall Street Reform and Consumer Protection Act or any rules or regulations issued by the SEC rule or applicable securities exchange.

(d) Set-Off and Other Remedies. To the extent that amounts are not immediately returned or paid to the Company as provided in this Section 20, the Company may, to the extent permitted by Applicable Laws, seek other remedies, including a set off of the amounts so payable to it against any amounts that may be owing from time to time by the Company or a Subsidiary to the Participant for any reason, including, without limitation, wages, or vacation pay or other benefits; provided, however, that, except to the extent permitted by Treasury Regulation Section 1.409A-3(j)(4), such offset shall not apply to amounts that are "deferred compensation" within the meaning of Section 409A of the Code.

## **21. Change in Control.**

(a) Committee Discretion. The Committee may, in its sole discretion and without the consent of Participants, either by the terms of the Award Agreement applicable to any Award or by resolution adopted prior to the occurrence of the Change in Control, determine whether and to what extent outstanding Awards under the Plan shall be assumed, converted or replaced by the resulting entity in connection with a Change in Control (or, if the Company is the resulting entity, whether such Awards shall be continued by the Company), in each case subject to equitable adjustments in accordance with Section 16 of the Plan.

(b) Awards that are Assumed. To the extent outstanding Awards granted under this Plan are assumed, converted or replaced by the resulting entity in the event of a Change in Control (or, if the Company is the resulting entity, to the extent such Awards are continued by the Company) as provided in Section 21(a) of the Plan, then: (i) any outstanding Awards that are subject to Performance Objectives shall be converted by the resulting entity, as if "target" performance had been achieved as of the date of the Change in Control, and shall continue to vest during the remaining performance period or other period of required service, and (ii) all other Awards shall continue to vest during the applicable vesting period, if any. Notwithstanding the preceding sentence, if a Participant incurs a Qualified Termination, then upon such termination (A) all outstanding Awards held by the Participant that may be exercised shall become fully exercisable and shall remain exercisable for the full duration of their term, (B) all restrictions with respect to outstanding Awards shall lapse, with any specified Performance Objectives with respect to outstanding Awards deemed to be satisfied at the "target" level, and (C) all outstanding Awards shall become fully vested.

(c) Awards that are not Assumed. To the extent outstanding Awards granted under this Plan are not assumed, converted or replaced by the resulting entity in connection with a Change in Control (or, if the Company is the resulting entity, to the extent such Awards are not continued by the Company) in accordance with Section 21(a) of the Plan, then effective immediately prior to the Change in Control: (i) all outstanding Awards held by the Participant that may be exercised shall become fully exercisable and shall remain exercisable for the full duration of their term, (ii) all restrictions with respect to outstanding Awards shall lapse, with any specified Performance Objectives with respect to outstanding Awards deemed to be satisfied at the "target" level, and (iii) all outstanding Awards shall become fully vested.

(d) Cancellation Right. The Committee may, in its sole discretion and without the consent of Participants, either by the terms of the Award Agreement applicable to any Award or by resolution adopted prior to the occurrence of the Change in Control, provide that any outstanding Award (or a portion thereof) shall, upon the occurrence of such Change in Control, be cancelled in exchange for a payment in cash or other property (including shares of the resulting entity in connection with a Change in Control) in an amount equal to the excess, if any, of the Fair Market Value of the Shares subject to the Award, over any exercise price related to the Award, which amount may be zero if the Fair Market Value of a Share on the date of the Change in Control does not exceed the exercise price per Share of the applicable Awards.

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## 22. **Amendment, Modification and Termination.**

(a) **In General.** The Board may at any time and from time to time, alter, amend, suspend or terminate the Plan in whole or in part; provided, however, that no alteration or amendment that requires stockholder approval in order for the Plan to comply with any rule promulgated by the SEC or any securities exchange on which Shares are listed or any other Applicable Laws shall be effective unless such amendment shall be approved by the requisite vote of stockholders of the Company entitled to vote thereon within the time period required under such applicable listing standard or rule.

(b) **Adjustments to Outstanding Awards.** The Committee may in its sole discretion at any time (i) provide that all or a portion of a Participant's Stock Options, Stock Appreciation Rights, and other Awards in the nature of rights that may be exercised shall become fully or partially exercisable; (ii) provide that all or a part of the time-based vesting restrictions on all or a portion of the outstanding Awards shall lapse, and/or that any Performance Objectives or other performance-based criteria with respect to any Awards shall be deemed to be wholly or partially satisfied; or (iii) waive any other limitation or requirement under any such Award, in each case, as of such date as the Committee may, in its sole discretion, declare. Unless otherwise determined by the Committee, any such adjustment that is made with respect to an Award that is intended to qualify for the Performance-Based Exception shall be made at such times and in such manner as will not cause such Awards to fail to qualify under the Performance-Based Exception. Additionally, the Committee shall not make any adjustment pursuant to this Section 22(b) that would cause an Award that is otherwise exempt from Section 409A of the Code to become subject to Section 409A of the Code, or that would cause an Award that is subject to Section 409A of the Code to fail to satisfy the requirements of Section 409A of the Code.

(c) **Prohibition on Repricing.** Except for adjustments made pursuant to Sections 16 or 21, the Board or the Committee will not, without the further approval of the stockholders of the Company, authorize the amendment of any outstanding Stock Option or Stock Appreciation Right to reduce the exercise price. No Stock Option or Stock Appreciation Right will be cancelled and replaced with an Award having a lower exercise price, or for another Award, or for cash without further approval of the stockholders of the Company, except as provided in Sections 16 or 21. Furthermore, no Stock Option or Stock Appreciation Right will provide for the payment, at the time of exercise, of a cash bonus or grant or sale of another Award without further approval of the stockholders of the Company. This Section 22(c) is intended to prohibit the repricing of "underwater" Stock Options or Stock Appreciation Rights without stockholder approval and will not be construed to prohibit the adjustments provided for in Sections 16 or 21.

(d) **Effect on Outstanding Awards.** Notwithstanding any other provision of the Plan to the contrary (other than Sections 16, 21, 22(b) and 24(d)), no termination, amendment, suspension, or modification of the Plan or an Award Agreement shall adversely affect in any material way any Award previously granted under the Plan, without the written consent of the Participant holding such Award. Notwithstanding the preceding sentence, any Incentive Stock Option granted under the Plan may be modified by the Committee to disqualify such Stock Option from treatment as an "incentive stock option" under Section 422 of the Code.

**23. Applicable Laws.** The obligations of the Company with respect to Awards under the Plan shall be subject to all Applicable Laws and such approvals by any governmental agencies as the Committee determines may be required. The Plan and each Award Agreement shall be governed by the laws of the State of Delaware, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of the Plan to the substantive law of another jurisdiction.

## 24. **Miscellaneous.**

(a) **Deferral of Awards.** Except with respect to Stock Options and Stock Appreciation Rights, the Committee may permit Participants to elect to defer the issuance or delivery of Shares or the settlement of Awards in cash under the Plan pursuant to such rules, procedures or programs as it may establish for purposes of the Plan. The Committee also may provide that deferred issuances and settlements include the payment or crediting of dividend equivalents or interest on the deferral amounts. All elections and deferrals permitted under this provision shall comply with Section 409A of the Code, including setting forth the time and manner of the election (including a

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compliant time and form of payment), the date on which the election is irrevocable, and whether the election can be changed until the date it is irrevocable.

(b) No Right of Continued Employment. The Plan shall not confer upon any Participant any right with respect to continuance of employment or other service with the Company or any Subsidiary, nor shall it interfere in any way with any right the Company or any Subsidiary would otherwise have to terminate such Participant's employment or other service at any time. No Employee or Director shall have the right to be selected to receive an Award under the Plan, or, having been so selected, to be selected to receive future Awards.

(c) Unfunded, Unsecured Plan. Neither a Participant nor any other person shall, by reason of participation in the Plan, acquire any right or title to any assets, funds or property of the Company or any Subsidiary, including without limitation, any specific funds, assets or other property which the Company or any Subsidiary may set aside in anticipation of any liability under the Plan. A Participant shall have only a contractual right to an Award or the amounts, if any, payable under the Plan, unsecured by any assets of the Company or any Subsidiary, and nothing contained in the Plan shall constitute a guarantee that the assets of the Company or any Subsidiary shall be sufficient to pay any benefits to any person.

(d) Severability. If any provision of the Plan is or becomes invalid, illegal or unenforceable in any jurisdiction, or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended or limited in scope to conform to Applicable Laws or, in the discretion of the Committee, it shall be stricken and the remainder of the Plan shall remain in full force and effect.

(e) Acceptance of Plan. By accepting any benefit under the Plan, each Participant and each person claiming under or through any such Participant shall be conclusively deemed to have indicated their acceptance and ratification of, and consent to, all of the terms and conditions of the Plan and any action taken under the Plan by the Committee, the Board or the Company, in any case in accordance with the terms and conditions of the Plan.

(f) Successors. All obligations of the Company under the Plan and with respect to Awards shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or other event, or a sale or disposition of all or substantially all of the business and/or assets of the Company and references to the "Company" herein and in any Award agreements shall be deemed to refer to such successors.

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**CERTIFICATION PURSUANT TO SECTION 302  
OF THE SARBANES-OXLEY ACT OF 2002**

I, Tracy D. Pagliara, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Williams Industrial Services Group Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 13, 2020

By: /s/ Tracy D. Pagliara

**Tracy D. Pagliara**  
**President and Chief Executive Officer**

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**CERTIFICATION PURSUANT TO SECTION 302  
OF THE SARBANES-OXLEY ACT OF 2002**

I, Randall R. Lay, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Williams Industrial Services Group Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 13, 2020

By: /s/ Randall R. Lay

**Randall R. Lay**  
**Senior Vice President and Chief Financial Officer**

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**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO SECTION 906  
OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, Tracy D. Pagliara, the President and Chief Executive Officer of Williams Industrial Services Group Inc. (the "**Company**"), hereby certify, that, to my knowledge:

1. The Quarterly Report on Form 10-Q for the period ended March 31, 2020 (the "**Report**") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 13, 2020

By: /s/ Tracy D. Pagliara  
**Tracy D. Pagliara**  
**President and Chief Executive Officer**

A signed original of this written statement has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

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**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO SECTION 906  
OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, Randall R. Lay, the Senior Vice President and Chief Financial Officer of Williams Industrial Services Group Inc. (the "**Company**"), hereby certify, that, to my knowledge:

1. The Quarterly Report on Form 10-Q for the period ended March 31, 2020 (the "**Report**") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 13, 2020

By: /s/ Randall R. Lay  
**Randall R. Lay**  
**Senior Vice President and Chief Financial Officer**

A signed original of this written statement has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

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