

WOOD GROUP



THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the contents of this document or the action you should take, you should seek your own advice from a stockbroker, solicitor, accountant, or other professional adviser.

If you have sold or otherwise transferred all of your shares in John Wood Group PLC (“Wood Group” or the “Company”), please pass this document together with any accompanying documents to the purchaser or transferee, or to the person who arranged the sale or transfer, so they can pass these documents to the person who now holds the shares.

31st March 2017

To: Wood Group shareholders and, for information only, the holders of shares in the Wood Group Employee Share Plan or as holders of share options through the Wood Group long term incentive plans.

Dear Shareholder,

2016 Annual Report & Accounts and 2017 Annual General Meeting

I am pleased to enclose our 2016 Annual Report & Accounts and to invite you to our Annual General Meeting ("AGM") which is to be held at Sir Ian Wood House, Hareness Road, Altens, Aberdeen, AB12 3LE, Scotland on Wednesday, 10 May 2017 at 11.00am. The notice of AGM and a proxy form are also enclosed.

Your safety is our top priority. If attending the AGM, you are requested to arrive in good time to view a building safety presentation of approximately 5 minutes duration. The meeting will commence promptly at 11.00am. You should bring with you a form of photographic identification such as a passport or photocard driving licence.

Reserved parking spaces will be available to shareholders by prior arrangement, with priority being given to those with impaired mobility or other special needs. If you require a space to be reserved for you, this should be booked in advance by telephoning 01224 851041 or emailing company.secretary@woodgroup.com. Instructions on parking arrangements will then be sent to you.

All of our current directors offer themselves for election or re-election at the AGM. I therefore ask you to support the election and re-election of the directors.

An explanation of the various resolutions to be voted on at the AGM and guidance on the appointment of a proxy are set out in the following pages of this document.

Please note that the recommended all-share offer for Amec Foster Wheeler plc by Wood Group shall not be part of the business of the AGM and shall not be voted on. There will be a separate shareholder meeting to vote on that proposal.

Recommendation

The directors consider that all the resolutions set out in the notice of the AGM are in the best interests of the Company and its shareholders as a whole and recommend that shareholders vote in favour of all the resolutions as they intend to do in respect of their own shareholdings.

Yours faithfully



Ian Marchant
Chair

EXPLANATORY NOTES TO BUSINESS OF THE AGM

Ordinary Resolutions

Resolutions 1 to 16 (inclusive) are all to be proposed as ordinary resolutions. This means that for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution.

Resolution 1 - to receive the Annual Report and Accounts for 2016

For each financial year the directors must present the Annual Report and Accounts to shareholders at a General Meeting.

Resolution 2 - to declare a final dividend of 22.5 US cents per share

Resolutions 3 & 4 – to approve the Annual Report on Directors' Remuneration and Directors' Remuneration Policy

The directors are required to prepare an annual report detailing the remuneration of the directors and include a statement by the chair of the Remuneration Committee. Together with the Company's policy on remuneration of directors, this annual report and statement forms the "Directors' Remuneration Report". You can find the Directors' Remuneration Report within the Annual Report & Accounts.

The Company's auditors during the year, PricewaterhouseCoopers LLP, have audited those parts of the Directors' Remuneration Report that are required to be audited and their report may be found within the Annual Report & Accounts.

The Company is required to offer shareholders:

- (i) a binding vote on the Company's forward-looking remuneration policy at least every three years (the "Directors' Remuneration Policy"); and
- (ii) a separate annual advisory vote on the implementation of the Company's existing remuneration arrangements (the "Annual Report on Directors' Remuneration"), this resolution is non-binding and no entitlement to remuneration is conditional on this resolution being passed.

The Directors' Remuneration Policy, if approved, will take effect from the date of approval by shareholders and will apply until replaced by a new or amended policy. Once the policy is effective, the Company will not be able to make remuneration payments to a director, or loss of office payments to a current or past director, unless the payment is consistent with the approved policy or has been otherwise approved by shareholders.

If the Directors' Remuneration Policy is not approved by the shareholders for any reason, the Company will, if and to the extent permitted to do so under the Companies Act 2006, continue to make payments to directors in accordance with its existing contractual arrangements and will seek shareholder approval for a revised policy as soon as practicable.

Resolutions 5-13 (inclusive) – election and re-election of Directors

The UK Corporate Governance Code recommends that all directors stand for annual election, therefore all directors will seek election or re-election at this year's AGM.

The Chair is satisfied that, following formal performance evaluation, each of the directors continues to perform effectively and demonstrates commitment to their role including commitment of time for Board and committee meetings and other duties required of them. Led by the Senior Independent Director, the non-executive directors met without the Chair present to consider his performance and are satisfied that he continues to perform effectively and demonstrates commitment to the Board, including commitment of time for Board and committee meetings and his other duties.

The non-executive directors' letters of appointment and executive directors' service contracts are available for inspection as specified in Note 18 of the AGM notice.

A short biography of each of the directors seeking election and re-election is set out below:

Ian Marchant

Appointed 2006, Chair since 2014. Ian is currently a director of Nova, the tidal energy company, non-executive director of Aggreko plc and Maggie's Cancer Charity and Honorary President of the Royal Zoological Society of Scotland. Until December 2015 he was chair of Infinis Energy plc and is the immediate past president of the Energy Institute. He was chief executive of SSE plc, a leading UK energy utility company, for over 10 years until stepping down in mid-2013. Chair of the Nomination Committee.

Jann Brown

Appointed 2014. Jann became Senior Independent Director in May 2016. She is a past-president of the Institute of Chartered Accountants of Scotland (ICAS) and currently Audit Committee chair of Troy Income and Growth Trust and of the Scottish Ballet, and a trustee of Edinburgh University Development Trust. She spent her career in the accounting profession before moving into the oil industry, latterly as managing director and CFO of Cairn Energy PLC. Chair of the Audit Committee and member of the Remuneration and the Nomination committees.

Thomas Botts

Appointed 2013. Thomas is a non-executive director of EnPro Industries. He is also co-chair of the Governor's Task Force at the University of Wyoming, a director of the University of Wyoming Foundation and is a long-standing member of the Society of Petroleum Engineers. He was formerly with Shell for 35 years, latterly as global head of Shell's manufacturing business. Chair of the Safety, Assurance & Business Ethics committee and member of the Audit and Nomination committees.

Jacqui Ferguson

Appointed 2016. Jacqui has been SVP & General Manager of Hewlett Packard UKI & MEMA since October 2014 and previously served as the VP & Chief of Staff to the CEO of Hewlett Packard from March 2012 to 2014. Prior to this she held a number of senior roles within the technology sector in Europe, the Middle East, Africa, Asia and North America. Currently she is Public Services Chair at the CBI and a board member of the Tech Partnership. Member of the Audit and the Nomination committees.

Richard Howson

Appointed 2016. Richard has been chief executive of Carillion plc since January 2012. He served as the chief operating officer from September 2010 to 31 December 2011, having been appointed to the board in December 2009 as executive director. He is a Fellow of the Institution of Civil Engineers. Member of the Safety, Assurance & Business Ethics, and the Nomination committees.

Mary Shafer-Malicki

Appointed 2012. Mary is currently a non-executive director of McDermott International, Inc. and is a member of industry councils at Oklahoma State University and the University of Wyoming. She worked for Amoco and BP for 26 years, latterly as senior vice president and CEO for BP Angola, with previous appointments in Vietnam, Aberdeen, Holland and the US, principally in upstream activities. Member of the Remuneration, the Safety, Assurance & Business Ethics and the Nomination committees.

Jeremy Wilson

Appointed 2011. Jeremy is a non-executive director of Tullow Oil plc and chair of The Lakeland Climbing Centre. He spent his career at J.P.Morgan, which he joined in 1987, until retiring in October 2013. He held a series of senior level positions there, including head of the European Mergers and Acquisitions Group, global co-head of the Natural Resources and Diversified Industrials Group, and latterly vice chair of the Energy Group, and was involved in a number of major oil & gas mergers over the years. Chair of Remuneration Committee and member of the Audit and the Nomination committees.

Robin Watson

Appointed 2013. Chief Executive since January 2016. Formerly chief operating officer from April 2015, CEO of Wood Group PSN and managing director of Wood Group PSN in the UK, having joined Wood Group in 2010. Prior to joining Wood Group, Robin served in a variety of leadership and management positions with Petrofac and Mobil. He served as non-executive director of Oil & Gas UK, the Oil & Gas UK Contractors Council and the Scottish Business Board. He was previously co-chair on the Step Change in Safety Leadership Team. Member of the Safety, Assurance & Business Ethics committee.

David Kemp

Appointed 2015. Group CFO since May 2015, previously CFO of Wood Group PSN, having joined Wood Group in 2013. Prior to joining Wood Group, David served in executive roles at Trap Oil Group, Technip, Simmons and Company International, and Hess Corporation, working across Finance, M&A and Operations. He is a member of the Institute of Chartered Accountants of Scotland.

Resolutions 14 and 15 - to re-appoint and deal with the remuneration of the auditors

At every General Meeting at which accounts are presented to shareholders, the Company is required to appoint auditors to serve until the next such meeting. PricewaterhouseCoopers LLP have indicated that they are willing to continue as the Company's auditors for another year. The Board recommends that shareholders re-appoint PricewaterhouseCoopers LLP as auditors to the Company until the conclusion of the next AGM and, following normal practice, authorise the Directors to determine their remuneration.

Resolution 16 - to authorise the directors to allot shares

This resolution, if passed, would give the Directors general authority to allot ordinary shares or grant rights to subscribe for or convert any securities into ordinary shares in the capital of the Company up to an aggregate nominal amount of £5,473,934.06 (representing 127,725,128 ordinary shares of 4 $\frac{3}{4}$ pence each) being approximately one-third of the issued ordinary share capital of the Company as at 31 March 2017 (the last practicable date prior to the publication of this notice). In line with guidance issued by The Investment Association (formerly the Association of British Insurers), paragraph (b) of resolution 16 would give the Directors the authority to allot shares in connection with a rights issue in favour of ordinary shareholders up to an aggregate nominal amount equal to £10,947,868.12 (representing 255,450,256 ordinary shares of 4 $\frac{3}{4}$ pence each), as reduced by the nominal amount of any shares issued under paragraph (a) of resolution 16. This amount (before any reduction) represents approximately two-thirds of the issued ordinary share capital of the Company as at 31 March 2017 (the latest practicable date prior to the publication of this notice).

There is no present intention to exercise either of the authorities sought under this resolution, except to fulfil the Company's obligations under share plans. The authority sought by this resolution will expire 15 months after the passing of this resolution, or, if earlier, at the conclusion of the AGM of the Company in 2018.

Should any decision be made by the Board to allot shares under the authorities sought under this resolution, it would be the intention of the Directors to follow the guidance issued by The Investment Association in relation to the exercise of such authorities.

The Company does not hold any shares in Treasury. As at 31 March 2017 the Company's issued share capital consists of 383,175,384 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 31 March 2017 are 383,175,384.

Special Resolutions

Resolutions 17 - 21 (inclusive) will be proposed as special resolutions. This means that for each of those resolutions to be passed, at least three-quarters of the votes cast must be in favour of the resolution.

Resolution 17 – to disapply statutory pre-emption rights

If shares are to be allotted or treasury shares sold for cash, the Act requires that those shares be offered first to existing shareholders in proportion to the number of shares that they hold. However, it may sometimes be in the interests of the Company for the directors to allot shares or sell treasury shares for cash other than to shareholders in proportion to their existing holdings. This resolution allows the directors to do that in certain circumstances.

Part (a) of the resolution provides the directors with flexibility to deal with practical issues such as fractional entitlements and securities law restrictions in overseas jurisdictions when making an offer that is otherwise pre-emptive.

Part (b) of the resolution contains a broader general disapplication of pre-emption rights. In line with the Pre-Emption Group's revised Statement of Principles issued in March 2015 (the "Statement of Principles"), the Company is seeking approval for the disapplication of pre-emption rights up to a maximum aggregate nominal amount of £821,090.10 (representing 19,158,769 ordinary shares of 4 $\frac{1}{2}$ pence each), being approximately 5% of the issued share capital as at 31 March 2017, the latest practicable date prior to the publication of this notice.

In accordance with the Pre-Emption Group's guidance on the cumulative usage of authorities within a rolling three-year period, the directors also confirm their intention that (except in relation to an issue in connection with an acquisition or specified capital investment as described in the Statement of Principles) no more than 7.5% of the issued ordinary share capital will be issued for cash on a non-pre-emptive basis during any rolling three-year period, without prior consultation with shareholders.

There is no present intention to use the authority requested in terms of this resolution which authority will expire 15 months after the passing of this resolution, or, if earlier, at the conclusion of the AGM of the Company to be held in 2018.

Resolution 18 – additional authority to disapply pre-emption rights

This resolution requests further shareholder approval, by way of a separate special resolution in line with the best practice guidance issued by the Pre-Emption Group, for the directors to allot equity securities or sell treasury shares for cash without first being required to offer such securities to existing shareholders. The proposed resolution reflects the Statement of Principles for the disapplication of pre-emption rights and will expire 15 months after the passing of this resolution or, if earlier, at the conclusion of the Company's AGM in 2018.

The authority granted by this resolution, if passed: (a) will be limited to the allotment of equity securities and sale of treasury shares for cash up to an aggregate nominal value of £821,090.10, which represents approximately 5% of the issued ordinary share capital of the Company as at 31 March 2017, the latest practicable date prior to publication of this notice; and (b) will only be used in connection with an acquisition or other capital investment of a kind contemplated by the Statement of Principles, and which is announced contemporaneously with the allotment, or has taken place in the preceding six-month period and is disclosed in the announcement of the allotment.

The authority granted by this Resolution would be in addition to the general authority to disapply pre-emption rights under Resolution 17. The maximum nominal value of equity securities which could be allotted if both authorities were used would be £1,642,180.21, which represents approximately 10% of the issued ordinary share capital of the Company as at 31 March 2017, the latest practicable date prior to publication of this notice.

Resolution 19 – to authorise the directors to make market purchases

This resolution gives the directors authority to purchase up to 38,317,538 shares, representing approximately 10% of the Company's issued share capital as at 31 March 2017, through market purchases on the London Stock Exchange. The maximum price which may be paid on any exercise of the authority will be the higher of (i) 105% of the average market value of the Company's shares as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the ordinary share is contracted to

be purchased, and (ii) the higher of the price of the last independent trade and the highest current independent bid on the London Stock Exchange Official List at the time the purchase is carried out. The minimum price, exclusive of expenses, to be paid on the exercise of the authority would be 4 $\frac{1}{2}$ pence, being the nominal value of an ordinary share. There is no present intention to exercise the authority sought under this resolution, which will expire 15 months after the passing of this resolution or, if earlier, at the conclusion of the AGM of the Company to be held in 2018. Shares purchased under this authority may be held by the Company as treasury shares, within limits allowed by law or may be cancelled. The directors may dispose of treasury shares in accordance with authority granted by the shareholders in general meeting.

Purchases by the Company of its own shares could result in higher earnings per share for those shareholders who retain their shares in the Company. Purchases of shares will only be made in this way after considering the effect on earnings per share and the best interests of shareholders generally, and after taking account of other investment opportunities, the level of borrowings and the Group's overall financial position.

As at 17 March 2017 there were 11,775,215 options to subscribe for ordinary shares in the Company that were outstanding. This represents 3.07% of issued share capital. If the existing authority given at the 2016 AGM and the authority now being sought by resolution 19 were to be fully used, the number of outstanding share options will represent 3.84% of the issued share capital of the Company (assuming no further shares are allotted).

Resolution 20 – to adopt new articles of association

We are asking shareholders to adopt new Articles of Association with immediate effect at this year's AGM. The proposed Articles have been updated for current procedural and governance requirements and also provides for an increase in the maximum director fees payable.

A copy of the proposed Articles of Association of the Company and a copy of the existing Articles of Association marked to show the changes being proposed shall be available to view as detailed in Note 18 of the Notice of AGM and shall also be available to view at www.woodgroup.com/investors/investor-information/annual-general-meeting

Resolution 21 – to authorise the Company to call general meetings on 14 days' notice

The Company is currently able to call general meetings (other than AGMs) on giving 14 clear days' notice to its shareholders. At the AGM in 2014 a specific resolution was passed to maintain this right, however, this resolution needs to be renewed annually. In order to maintain flexibility to call meetings and in common with most other public companies, we are proposing a resolution to preserve the Company's ability to call general meetings (other than AGMs) on giving 14 clear days' notice to its shareholders. The Company does not intend to use this authority as a matter of routine. The Company envisages that this authority would only be used where a shorter notice period would, in the Board's opinion, be merited in the interests of shareholders as a whole and noting the recommendations of the UK Corporate Governance Code with which the Company would intend to comply. Shareholders should note that, in order to call a general meeting on less than 21 clear days' notice, the Company is required to provide a means for all shareholders to vote electronically at that meeting.

Proxy Form

Whether or not you intend to be present at the AGM, you are requested to complete and return the proxy form to the Company's Registrars, Equiniti Limited, Freepost RTHJ-CLLL-KBKU, Aspect House, Spencer Road, Lancing, West Sussex BN99 8LU. Alternatively, if you have registered for electronic communication, you can appoint a proxy online via your Portfolio at www.shareview.co.uk or, if you have not registered for electronic communication, at www.sharevote.co.uk. The proxy form should arrive as soon as possible and in any event not later than 48 hours before the time fixed for the AGM, i.e by 11.00am on Monday 8 May 2017. Completion and return of a proxy form will not prevent you from attending the AGM and voting in person should you wish to do so. CREST members may appoint a proxy or proxies through the CREST electronic proxy appointment service. Further instructions relating to the proxy form are set out in the notice of the AGM.

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