WILLBROS GROUP INC
Form S-3/A
May 08, 2002

AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON MAY 8, 2002.

REGISTRATION NO. 333-83150

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

AMENDMENT NO. 4

TO

FORM S-3
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

WILLBROS GROUP, INC.
(Exact Name of Registrant as Specified in its Charter)

REPUBLIC OF PANAMA	98-0160660
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification Number)

PLAZA 2000 BUILDING
50TH STREET, 8TH FLOOR
APARTADO 6307
PANAMA 5, REPUBLIC OF PANAMA
(50-7) 213-0947
(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

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CHAIRMAN OF THE BOARD AND
CHIEF EXECUTIVE OFFICER
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APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE OF THE SECURITIES TO THE PUBLIC: As soon as practicable after this Registration Statement becomes effective.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box: [ ]

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, other than securities offered only in connection with dividend or interest reinvestment plans, please check the following box: [ ]

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. [ ]

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OF 1933, AS AMENDED, OR UNTIL THIS REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE SECURITIES AND EXCHANGE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(a), MAY DETERMINE.

SUBJECT TO COMPLETION, DATED MAY 8, 2002

THE INFORMATION CONTAINED IN THIS PROSPECTUS IS NOT COMPLETE AND MAY BE CHANGED. THESE SECURITIES MAY NOT BE SOLD UNTIL THE REGISTRATION STATEMENT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION IS EFFECTIVE. THIS PROSPECTUS IS NOT AN OFFER TO SELL THESE SECURITIES AND IT IS NOT SOLICITING AN OFFER TO BUY THESE SECURITIES IN ANY STATE WHERE THE OFFER OR SALE IS NOT PERMITTED.

4,000,000 SHARES

(WILLBROS GROUP, INC. LOGO)

WILLBROS GROUP, INC.

COMMON STOCK
$ PER SHARE

Willbros Group, Inc. is offering 3,200,000 shares and the selling stockholders identified in this prospectus are offering 800,000 shares.

The common stock is listed on the New York Stock Exchange under the symbol "WG." On May 7, 2002, the last reported sale price of the common stock on the New York Stock Exchange Composite Tape was $18.25 per share.

INVESTING IN THE COMMON STOCK INVOLVES RISKS. SEE "RISK FACTORS" BEGINNING ON PAGE 10.

	PER SHARE	TOTAL
Price to the public..	$	$
Underwriting discount......................................		
Proceeds to Willbros Group, Inc.		
Proceeds to the selling stockholders.......................		

We and some of the selling stockholders have granted an over-allotment option to the underwriters. Under this option, the underwriters may elect to purchase a maximum of 600,000 additional shares (415,000 from us and 185,000 from some of the selling stockholders) within 30 days following the date of this prospectus to cover over-allotments.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

CIBC WORLD MARKETS CREDIT LYONNAIS SECURITIES (USA) INC.

D. A. DAVIDSON & CO.
FROST SECURITIES, INC.
MORGAN KEEGAN & COMPANY, INC.

The date of this prospectus is , 2002.

LOGO

[Inside Front Cover]

CONSTRUCTION SERVICES

[Picture of crews lowering in pipe in Cameroon]

[Picture of "Willbros 318" Combination Derrick/Lay Barge]

ENGINEERING SERVICES

[Picture of Samalayuca Gas Pipeline Texas-Mexico]

SPECIALTY SERVICES

[Picture of rig moves in Oman]

[Picture of dredging in Nigeria]

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PROSPECTUS SUMMARY

This summary highlights information contained in other parts of this prospectus. You should read the entire prospectus and the documents to which we have referred you carefully. Unless the context otherwise requires, all references in this prospectus to "Willbros," "we," "us" and "our" refer to Willbros Group, Inc., its consolidated subsidiaries and their predecessors.

ABOUT US

We are one of the leading independent contractors providing construction, engineering and specialty services to the oil, gas and power industries and government entities worldwide. We place particular emphasis on projects in countries where we believe our experience gives us a competitive advantage, including several developing countries. Our construction services include the building and replacement of major pipelines and gathering systems, flow, pump and gas compressor stations, gas processing facilities, oil and gas production facilities and related infrastructure. Our engineering services include feasibility studies, conceptual and detailed design, field services, material procurement and overall project management. Our specialty services include oilfield transportation services, dredging, maintenance, specialty fabrication and facility operations.

For the years ended December 31, 1999, 2000 and 2001, we had revenues of $176.6 million, $314.3 million and $390.1 million, respectively, and earnings before interest, taxes, depreciation and amortization, or EBITDA, of $4.0 million, $13.9 million and $51.1 million, respectively. Our backlog at December 31, 2001 was a record $407.6 million, as compared to the previous year-end record backlog amount of $373.9 million at December 31, 2000, and $253.1 million at December 31, 1999.

We provide our services utilizing a large fleet of company-owned and leased equipment that includes marine vessels, barges, dredges, pipelaying equipment, heavy construction equipment, transportation equipment and camp equipment. Our equipment fleet is supported by an extensive inventory of spare parts and tools, which we strategically locate and maintain throughout the world to maximize availability and minimize cost. At December 31, 2001, the net book value of our property, plant, equipment and spare parts was $74.3 million.

We trace our roots to the construction business of Williams Brothers Company founded in 1908. Through successors to that business, we have completed many landmark projects and have been employed by more than 400 clients to carry out work in 55 countries. Within the past 10 years, we have worked in Africa, Asia, Australia, the Middle East, North America and South America. We have historically had a steady base of operations in Nigeria, Oman, the United States and Venezuela, which has been enhanced by major projects in Australia, Bolivia, Cameroon, Chad, Egypt, Gabon, Indonesia, Ivory Coast, Kuwait and Pakistan. Our backlog at December 31, 2001, was primarily derived from projects in Africa (50.2%) and North America (42.2%). Our clients are some of the world's leading energy companies, including Royal Dutch Shell, ExxonMobil and Duke Energy.

CURRENT MARKET CONDITIONS

We believe several factors influencing the global energy market have led to and will continue to result in increased activity across our primary lines of business. Although the global recession has dampened industrial demand for energy, which has affected short-term energy prices and resulted in a re-evaluation of future projects both in the primary pipeline sector and the power generation sector, we are not experiencing any significant slowdown in the regions in which we compete. Further, we have a high level of confidence in the work under contract for all of 2002 and into 2003. The factors leading to higher levels of energy-related capital expenditures include the following:

-- rising global energy demand and the need for larger oil and gas transportation infrastructures resulting from economic growth in developing countries;

- some state-controlled oil and gas companies seeking foreign investment;
- the increasing role of natural gas as a fuel for power generation and other uses in producing countries;
- initiatives to reduce natural gas flaring;
- efforts to bring stranded natural gas reserves to market; and
- the aging of energy infrastructure.

Industry reports indicate that planned worldwide pipeline construction will increase significantly over the next several years. These industry forecasts indicate in excess of $24.8 billion to be spent worldwide in 2002 on pipeline construction and related infrastructure, as compared to approximately $16.9 billion of planned expenditures for 2001. Of this amount, we estimate that approximately $1.5 billion in business opportunities will meet our bidding criteria over the next 12 months. We expect to aggressively pursue these opportunities.

We currently have a number of significant bids outstanding with respect to potential contract awards in Bolivia, Cameroon, Canada, Ecuador, Nigeria, Oman, Saudi Arabia, the United States and Venezuela. We are currently preparing bids with respect to potential contract awards in Nigeria, Oman, Saudi Arabia, the United States and Venezuela. Finally, we expect to prepare and submit bids with respect to certain other potential construction and engineering projects in Africa, Asia, the Middle East, North America and South America during 2002.

BUSINESS STRATEGY

We seek to maximize stockholder value through our business strategy. The core elements of our business strategy are to:

- Focus on Areas of Our Geographical Expertise. We plan to concentrate our bidding efforts in areas where we can be most competitive and obtain the highest profit margins. Our objective is to maintain and enhance our presence in regions where we have developed a strong base of experience and operations, such as West Africa, North America, South America and the Middle East, by capitalizing on our local experience, established contacts with local customers and suppliers and familiarity with the local business environment.
- Pursue EPC Contracts. We will continue to pursue engineering, procurement and construction (EPC) contracts because they can often yield higher profit margins on the engineering and construction components of the contract compared to stand alone contracts for similar services. In performing EPC contracts we are engaged in numerous aspects of a project. We are therefore able to efficiently determine the design, permitting, procurement and construction sequence for a project in connection with making engineering decisions. Accordingly, this contract structure allows us to deploy our resources more efficiently and capture those efficiencies in the form of improved margins on the engineering and construction components of these projects. We intend to capitalize on being one of the few pipeline construction companies worldwide with the ability to provide a full range of EPC services in order to position ourselves to capture more of this business.
- Continue Growth Through Strategic Alliances and Acquisitions. We seek to establish strategic alliances with companies whose resources, skills and strategies are complementary to ours and are likely to enhance our business opportunities, including the formation of joint ventures and

consortia to achieve competitive advantages and share risks. Such alliances have already been established in a number of countries, and we currently have alliances to pursue or perform work in Bolivia, Cameroon, Chad, the Dominican Republic, Ecuador, Saudi Arabia, the United States and Venezuela. In order to enhance our competitive position and/or maximize project returns, we may decide to make an equity investment in a project. Additionally, we seek to identify, evaluate and acquire companies that offer growth opportunities and that complement our resources and capabilities.

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-- Focus on Superior Project Execution. We will continue to focus on performance and project execution in order to maximize customer satisfaction and the profit potential on each contract awarded. By doing so, we also enhance our potential for repeat business and/or add-on engineering or specialty service contracts.

-- Maintain our Commitment to Safety and Quality. We will continue to emphasize our safety and quality program to meet the specific requirements of our customers through continuous improvement of all our business processes, while at the same time improving competitiveness and profitability. In recent years, ISO 9000, an internationally recognized verification system for quality management, has been made a criterion for prequalification of contractors by various clients and potential clients. Several of our key operating subsidiaries have ISO 9000 certification, and we periodically evaluate the costs and benefits of obtaining certification for additional operating subsidiaries.

-- Conservative Financial Management. We continue to emphasize the maintenance of a strong balance sheet to maximize flexibility and liquidity for the development and growth of our business. We employ a disciplined approach to controlling costs at both project and administrative levels. In obtaining projects, we seek contracts that are likely to result in recurring revenue in order to partially mitigate the cyclical nature of our construction and engineering businesses. Additionally, we act to minimize our exposure to currency fluctuations through the use of U.S. dollar-denominated contracts whenever possible.

COMPETITIVE STRENGTHS

We believe our principal strengths include the following:

-- Significant Global Experience. We have a long history of successfully completing complex and difficult projects in remote areas and in challenging terrain and climates. This experience enables us to complete large-scale pipeline projects in most regions of the world on time and within budget. In addition, we believe that we are one of the few companies among our competitors able to carry out large EPC projects in developing countries without subcontracting major elements of the work.

-- Strategic Relationships/Alliances. In many of the geographic areas where we operate, we maintain alliances which allow us to significantly improve our competitive position and reduce our operating risks.

-- Experienced Multinational Workforce. We employ directly, or through our joint ventures, a multinational workforce of approximately 3,790 persons, of which over 81% are citizens of the respective countries in which they work. This experienced multinational workforce allows us to mobilize rapidly for a project and to access appropriately qualified personnel in a cost efficient manner.

-- Long Operating History and Relationships with Clients. We have a long history of operations in our strategic geographic areas of Africa, North America, South America and the Middle East. In addition, we have long-standing relationships with many of our clients in these strategic areas.

-- Experienced Management Team. We have significant management expertise as a leading EPC company servicing the global energy industry. The top 12 officers of Willbros and our key operating subsidiaries have an average of 25 years of experience in the industry.

In implementing the core elements of our business strategy and capitalizing on our competitive strengths, we are typically faced with a number of challenges which include successfully relocating equipment and personnel in a timely fashion to execute projects in remote geographic areas, managing the impact of political changes, including new government regimes, in the countries where we operate, maintaining strategic relationships in geographic areas where our clients operate and retaining experienced management. As described under "Risk Factors," we also face operational risks, many of which are beyond our control.

OUR EXECUTIVE OFFICES

We are incorporated in the Republic of Panama and maintain our headquarters at the Plaza 2000 Building, 50th Street, 8th Floor, Apartado 6307, Panama 5, Republic of Panama, and our telephone number is (50-7) 213-0947. Administrative services are provided to us by our subsidiary, Willbros USA, Inc., whose administrative headquarters are located at 4400 Post Oak Parkway, Suite 1000, Houston, Texas 77027, and whose telephone number is (713) 403-8000. Information contained on our website, http://www.willbros.com, is not part of this prospectus.

RECENT DEVELOPMENTS

EARNINGS FOR FIRST QUARTER OF 2002

On May 6, 2002, we reported net earnings for the quarter ended March 31, 2002 of $4.6 million, or $0.30 per diluted share, compared to net income of $0.8 million, or $0.05 per diluted share for the same period in 2001. Revenue for the first quarter of 2002 was $147.5 million, compared to $65.7 million in the first quarter of 2001. Revenue, by type of service, for the first quarter of 2002 was as follows: construction, $83.3 million; engineering, $49.9 million; and specialty services, $14.3 million. On a comparable basis, revenue, by type of service, for the same period in 2001 was: construction, $26.6 million; engineering, $24.1 million; and specialty services, $15.0 million. Backlog as of March 31, 2002, was $390.4 million, as compared to $407.6 million at December 31, 2001. EBITDA for the first quarter of 2002 was $15.2 million or $0.98 per share, up from $7.6 million or $0.52 per share for the same period in 2001.

The increase in earnings from the same period in 2001 was primarily attributable to higher revenue resulting from increased engineering activity in North America, substantial completion of a U.S. pipeline project, construction

activity on a pipeline project in Chad and Cameroon and marine maintenance and construction in offshore West Africa. The increase in revenue was partially offset by higher depreciation, higher general and administrative expenses and a higher level of income taxes resulting from increased earnings by our U.S. businesses.

For additional information, see our Current Report on Form 8-K dated May 6, 2002.

THE OFFERING

Common stock offered by us....	3,200,000 shares(1)
Common stock offered by the selling stockholders..........	800,000 shares(2)
Common stock to be outstanding after the offering............	18,101,899 shares(1)(3)
Use of proceeds...............	We intend to use the net proceeds from the common stock offered by us for repayment of indebtedness under our bank credit agreement and general corporate purposes, including working capital. We will not receive any of the proceeds from the sale of shares by the selling stockholders. See "Use of Proceeds."
New York Stock Exchange symbol........................	WG

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(1) Does not include 415,000 shares that may be sold upon exercise of the underwriters' over-allotment option granted by us.

(2) Does not include 185,000 shares that may be sold upon exercise of the underwriters' over-allotment option granted by some of the selling stockholders.

(3) Based on shares outstanding as of March 1, 2002. Does not include 1,785,550 shares of our common stock reserved for issuance upon exercise of outstanding options granted under our 1996 Stock Plan and Director Stock Plan as of March 1, 2002.

Unless otherwise stated, all information contained in this prospectus assumes no exercise of the over-allotment option granted to the underwriters.

RISK FACTORS

You should consider carefully the "Risk Factors" beginning on page 10 of this prospectus before making an investment in our common stock.

SUMMARY CONSOLIDATED FINANCIAL AND OTHER DATA

This section presents our summary historical financial data. You should read carefully the consolidated financial statements included in this prospectus, including the notes to the financial statements. The summary data in this section is not intended to replace the consolidated financial statements.

We derived the statement of operations data for the years ended December 31, 2001, 2000 and 1999, and balance sheet data as of December 31, 2001 from the audited consolidated financial statements in this prospectus. Those consolidated financial statements were audited by KPMG LLP, independent certified public accountants. We derived the statement of operations data for the years ended December 31, 1998 and 1997 from audited consolidated financial statements that are not included in this prospectus. The as adjusted balance sheet data set forth below as of December 31, 2001 reflects the receipt and application of the net proceeds from the sale of common stock offered by us in this offering at an assumed offering price of $18.50, the last reported sale price on April 19, 2002.

	YEAR ENDED DECEMBER 31,				
	2001(1)	2000(2)	1999	1998	1997
	(in thousands, except per share data)				
STATEMENT OF OPERATIONS DATA:					
Contract revenue	$390,134	$314,290	$176,564	$281,618	$251,877
Operating expenses:					
Contract cost	315,685	266,969	145,498	220,360	182,435
Termination of benefit plans	(9,204)	-	-	-	-
Depreciation and amortization	19,522	22,408	21,313	25,552	18,936
General and administrative	29,975	30,218	27,548	32,383	29,118
Operating income (loss)	34,156	(5,305)	(17,795)	3,323	21,388
Net interest income (expense)	(2,084)	(1,865)	587	(484)	304
Minority interest	(1,501)	(2,449)	(1,541)	(1,132)	(1,911)
Other income (expense)	(1,107)	(716)	2,031	(1,502)	58
Income (loss) before income taxes	29,464	(10,335)	(16,718)	205	19,839
Provision for income taxes	10,384	5,257	3,300	4,567	5,723
Net income (loss)	$ 19,080	$(15,592)	$(20,018)	$ (4,362)	$ 14,116
Net income (loss) per common share:					
Basic	$ 1.32	$ (1.11)	$ (1.54)	$ (0.30)	$ 0.97
Diluted	1.27	(1.11)	(1.54)	(0.30)	0.96
CASH FLOW DATA:					
Cash provided by (used in):					
Operating activities	$ 24,756	$ 3,040	$(14,041)	$ 15,199	$ 45,788
Investing activities	(36,066)	(10,035)	4,866	(34,684)	(46,386)
Financing activities	18,373	10,442	8,641	(14,545)	19,747
OTHER DATA:					
EBITDA(3)	$ 51,070	$ 13,938	$ 4,008	$ 26,241	$ 38,471
Capital expenditures, excluding acquisitions	28,818	15,351	12,245	36,112	47,272
Backlog (at period end)(4)	407,553	373,947	253,080	286,473	135,797

AS OF DECEMBER 31, 2001

	ACTUAL	AS ADJUSTED
	(in thousands)	
BALANCE SHEET DATA:		
Cash and cash equivalents	$ 19,289	$ 35,519
Working capital	46,222	62,452
Total assets	224,135	240,365
Total debt	39,284	284
Total stockholders' equity	96,557	151,787

(See notes on following page)

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(1) We acquired MSI Energy Services Inc., a general contractor in Alberta, Canada, on October 12, 2001. Accordingly, its results of operations since that date are consolidated with our results of operations. See "Management's Discussion and Analysis of Financial Condition and Results of Operations -- General" and our consolidated financial statements included elsewhere in this prospectus.

(2) We acquired Rogers & Phillips, Inc., a U.S. pipeline construction company on January 24, 2000. Accordingly, its results of operations since that date are consolidated with our results of operations. See "Management's Discussion and Analysis of Financial Condition and Results of Operations -- General" and our consolidated financial statements included elsewhere in this prospectus.

(3) EBITDA represents earnings before net interest, income taxes, depreciation and amortization. EBITDA is not intended to represent cash flows for the respective period, nor has it been presented as an alternative to operating income as an indicator of operating performance. It should not be considered in isolation or as a substitute for measures of performance prepared in accordance with accounting principles generally accepted in the United States of America. See our Consolidated Statements of Cash Flows in our consolidated financial statements included elsewhere in this prospectus. EBITDA is included in this prospectus because it is one of the measures through which we assess our financial performance. EBITDA as presented may not be comparable to other similarly titled measures reported by other companies.

(4) Backlog is anticipated contract revenue from contracts for which award is either in hand or reasonably assured.

RISK FACTORS

You should carefully consider the following factors and other information in this prospectus and the documents to which we refer you, before deciding to invest in the shares.

OUR BUSINESS IS HIGHLY DEPENDENT UPON THE LEVEL OF CAPITAL EXPENDITURES BY OIL, GAS AND POWER COMPANIES ON INFRASTRUCTURE

Our revenue and cash flow are dependent upon major construction projects. The

availability of these types of projects is dependent upon the condition of the oil, gas and power industries, and specifically, the level of capital expenditures of oil, gas and power companies on infrastructure. Our failure to obtain major projects, the delay in awards of major projects, the cancellation of major projects or delays in completion of contracts are factors that could result in the under-utilization of our resources, which would have an adverse impact on our revenue and cash flow. There are numerous factors beyond our control that influence the level of capital expenditures of oil, gas and power companies, including:

-- current and projected oil, gas and power prices;

-- the abilities of oil, gas and power companies to generate, access and deploy capital, particularly in light of recent efforts by energy companies to strengthen their balance sheets and maintain their credit ratings in the wake of the Enron bankruptcy;

-- exploration, production and transportation costs;

-- the discovery rate of new oil and gas reserves;

-- the sale and expiration dates of oil and gas leases and concessions;

-- the demand for electricity;

-- regulatory restraints on the rates that power companies may charge their customers;

-- local and international political and economic conditions;

-- the ability or willingness of host country government entities to fund their budgetary commitments; and

-- technological advances.

OUR SIGNIFICANT INTERNATIONAL OPERATIONS ARE SUBJECT TO POLITICAL AND ECONOMIC RISKS OF DEVELOPING COUNTRIES

We have substantial operations and assets in developing countries in Africa, the Middle East and South America. Approximately 45% of our contract revenues for 2001 were derived from activities in developing countries, and approximately 72% of our long-lived assets as of December 31, 2001 were located in developing countries. For a list of our revenue and assets by location, see Note 13 of "Notes to Consolidated Financial Statements," included elsewhere in this prospectus. Accordingly, we are subject to risks which ordinarily would not be expected to exist to the same extent in the United States, Canada, Japan or Western Europe. Some of these risks include:

-- Foreign currency restrictions, which may prevent us from repatriating foreign currency received in excess of local currency requirements and converting it into dollars or other fungible currency.

-- Exchange rate fluctuations, which can reduce the purchasing power of local currencies and cause our costs to exceed our budget, reducing our operating margin in the affected country.

-- Expropriation of assets, by either a recognized or unrecognized foreign government, which can disrupt our business activities and create delays and corresponding losses.

-- Civil uprisings, riots and war, which can make it impractical to continue operations, adversely affect both budgets and schedules and expose us to losses. In 1999, for example, local protesters looted and vandalized our facilities in Nigeria and interfered with our operations.

-- Availability of suitable personnel and equipment, which can be affected by government policy, or changes in policy, which limit the importation of skilled craftsmen or specialized equipment in areas where local resources are insufficient.

-- Government instability, which can cause investment in capital projects by our potential customers to be withdrawn or delayed, reducing or eliminating the viability of some markets for our services.

-- Legal systems of decrees, laws, regulations, interpretations and court decisions, which are not always fully developed and which may be retroactively applied and cause us to incur unanticipated and/or unrecoverable costs as well as delays which may result in real or opportunity costs. In Venezuela, for example, a new hydrocarbons law, which went into effect on January 1, 2002 and which increases royalty rates from approximately 17% to between 20% and 30%, is expected to reduce investment in that country.

Our operations in developing countries may be adversely affected in the event any governmental agencies in these countries interpret laws, regulations or court decisions in a manner which might be considered inconsistent or inequitable in the United States, Canada, Japan or Western Europe. We may be subject to unanticipated taxes, including income taxes, excise duties, import taxes, export taxes, sales taxes or other governmental assessments which could have a material adverse effect on our results of operations for any quarter or year.

These risks may result in a loss of business which could have a material adverse effect on our results of operations.

WE MAY BE ADVERSELY AFFECTED BY A CONCENTRATION OF BUSINESS IN A PARTICULAR COUNTRY

Due to a limited number of major projects worldwide, we currently have, and expect that we will continue to have, a substantial portion of our resources dedicated to projects located in a few countries. Therefore, our results of operations are susceptible to adverse events beyond our control which may occur in a particular country in which our business may be concentrated. Economic downturns in such countries could adversely affect our operations. For the last three years, our contract revenue was primarily generated in the following countries or areas: United States, Nigeria, Offshore West Africa, Cameroon, Venezuela, Oman and Australia.

At December 31, 2001, 28.7% of our property, plant, equipment and spare parts was located in Nigeria, 23.3% in the United States, 15.3% in Offshore West Africa and 13.1% in Cameroon. Our operations and assets are subject to various risks inherent in conducting business in these countries.

OUR BUSINESS IS DEPENDENT ON A LIMITED NUMBER OF KEY CLIENTS

We operate primarily in a single operating segment in the oil, gas and power industries, providing construction, engineering and specialty services to a limited number of clients. Much of our success depends on developing and maintaining relationships with our major clients and obtaining a share of contracts from these clients. The loss of any of our major clients could have a material adverse effect on our operations. Our 10 largest clients were

responsible for 81% of our revenue in 2001, 86% of our revenue in 2000 and 78% of our revenue in 1999. Operating units of ExxonMobil, Centennial Pipeline, Royal Dutch Shell, Duke Energy and Trans Union Power accounted for 18%, 17%, 14%, 10% and 10%, respectively, of our total revenue in 2001.

OUR DEPENDENCE UPON FIXED PRICE CONTRACTS COULD ADVERSELY AFFECT OUR OPERATING RESULTS

A substantial portion of our projects are currently performed on a fixed-price basis. Under a fixed-price contract, we agree on the price that we will receive for the entire project, based upon specific assumptions

and project criteria. If our estimates of our own costs to complete the project are below the actual costs that we may incur, our margins will decrease, and we may incur a loss. The revenue, cost and gross profit realized on a fixed-price contract will often vary from the estimated amounts because of unforeseen conditions or changes in job conditions and variations in labor and equipment productivity over the term of the contract. If we are unsuccessful in mitigating these risks, we may realize gross profits that are different from those originally estimated and reduced profitability or losses on projects. Depending on the size of a project, these variations from estimated contract performance could have a significant effect on our operating results for any quarter or year. In general, turnkey contracts to be performed on a fixed-price basis involve an increased risk of significant variations. This is a result of the long-term nature of these contracts and the inherent difficulties in estimating costs and of the interrelationship of the integrated services to be provided under these contracts whereby unanticipated costs or delays in performing part of the contract can have compounding effects by increasing costs of performing other parts of the contract.

PERCENTAGE-OF-COMPLETION METHOD OF ACCOUNTING FOR CONTRACT REVENUE MAY RESULT IN MATERIAL ADJUSTMENTS ADVERSELY AFFECTING OUR OPERATING RESULTS

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

TERRORIST ATTACKS, SUCH AS THE ATTACKS THAT OCCURRED ON SEPTEMBER 11, 2001, AND FUTURE WAR OR RISK OF WAR MAY ADVERSELY AFFECT OUR RESULTS OF OPERATIONS, OUR ABILITY TO RAISE CAPITAL OR SECURE INSURANCE OR OUR FUTURE GROWTH

The impact that the terrorist attacks of September 11, 2001 may have on the energy industry in general, and on us in particular, is not known at this time. Uncertainty surrounding retaliatory military strikes or a sustained military campaign may affect our operations in unpredictable ways, including changes in the insurance markets, disruptions of fuel supplies and markets, particularly oil, and the possibility that infrastructure facilities, including pipelines, production facilities, refineries, electric generation, transmission and

distribution facilities, could be direct targets of, or indirect casualties of, an act of terror. War or risk of war may also have an adverse effect on the economy. The terrorist attacks on September 11, 2001, and the changes in the insurance markets attributable to the terrorist attacks, have resulted in increased insurance premiums and have made it difficult for us to obtain certain types of insurance coverage. We may be unable to secure the levels and types of insurance we would otherwise have secured prior to September 11, 2001. A lower level of economic activity could also result in a decline in energy consumption which could adversely affect the oil, gas and power industries and restrict their future growth. Instability in the financial markets as a result of terrorism or war could also affect our ability to raise capital.

OUR OPERATIONS ARE SUBJECT TO A NUMBER OF OPERATIONAL RISKS

Our business operations include pipeline construction, dredging, pipeline rehabilitation services, marine support services and the operation of vessels and heavy equipment. These operations involve a high degree of operational risk. Natural disasters, adverse weather conditions, collisions and operator or navigational error could cause personal injury or loss of life, severe damage to and destruction of property, equipment and the environment and suspension of operations. In locations where we perform work with equipment

that is owned by others, our continued use of the equipment can be subject to unexpected or arbitrary interruption or termination. The occurrence of any of these events could result in work stoppage, loss of revenue, casualty loss, increased costs and significant liability to third parties.

The insurance protection we maintain may not be sufficient or effective under all circumstances or against all hazards to which we may be subject. An enforceable claim for which we are not fully insured could have a material adverse effect on our financial condition and results of operations. Moreover, we may not be able to maintain adequate insurance in the future at rates that we consider reasonable.

WE MAY BECOME LIABLE FOR THE OBLIGATIONS OF OUR JOINT VENTURERS

Some of our projects are performed through joint ventures with other parties. In addition to the usual liability of contractors for the completion of contracts and the warranty of our work, where work is performed through a joint venture, we also have potential liability for the work performed by our joint venturers. In these projects, even if we satisfactorily complete our project responsibilities within budget, we may incur additional unforeseen costs due to the failure of our joint venturers to perform or complete work in accordance with contract specifications.

IF WE ARE NOT ABLE TO IMPLEMENT A NEW CREDIT AGREEMENT BEFORE THE EXPIRATION OF OUR EXISTING CREDIT AGREEMENT, OUR ABILITY TO OPERATE WOULD BE SIGNIFICANTLY RESTRICTED

Our current credit agreement expires on February 20, 2003. The current credit agreement restricts our ability to pay dividends, which may make our stock less attractive to some investors. Substantially all of our assets are pledged as security under our existing credit agreement. We are currently negotiating with a new bank group to provide a new credit agreement. We anticipate that our new credit agreement will contain substantially similar terms. If those negotiations are not successful, our operations will be significantly restricted.

GOVERNMENTAL REGULATIONS COULD ADVERSELY AFFECT OUR BUSINESS

Many aspects of our operations are subject to governmental regulations in the countries in which we operate, including those relating to currency conversion and repatriation, taxation of our earnings and earnings of our personnel, and our use of local employees and suppliers. In addition, we depend on the demand for our services from the oil, gas and power industries, and, therefore, our business is affected by changing taxes, price controls and laws and regulations relating to the oil, gas and power industries generally. The adoption of laws and regulations by the countries or the states in which we operate for the purpose of curtailing exploration and development drilling for oil and gas or the development of power generation facilities for economic and other policy reasons, could adversely affect our operations by limiting demand for our services.

Our operations are also subject to the risk of changes in foreign and domestic laws and policies which may impose restrictions on our business, including trade restrictions, which could have a material adverse effect on our operations. Other types of government regulation which could, if enacted or implemented, adversely affect our operations include:

- expropriation or nationalization decrees;
- confiscatory tax systems;
- primary or secondary boycotts directed at specific countries or companies;
- embargoes;
- extensive import restrictions or other trade barriers;
- mandatory sourcing rules;
- oil, gas or power price regulation; and
- unrealistically high labor rate and fuel price regulation.

Our future operations and earnings may be adversely affected by new legislation, new regulations or changes in, or new interpretations of, existing regulations, and the impact of these changes could be material.

OUR OPERATIONS EXPOSE US TO POTENTIAL ENVIRONMENTAL LIABILITIES

Our United States operations are subject to numerous environmental protection laws and regulations which are complex and stringent. We regularly perform work in and around sensitive environmental areas such as rivers, lakes and wetlands. Significant fines and penalties may be imposed for non-compliance with environmental laws and regulations, and some environmental laws provide for joint and several strict liability for remediation of releases of hazardous substances, rendering a person liable for environmental damage, without regard to negligence or fault on the part of such person. In addition to potential liabilities that may be incurred in satisfying these requirements, we may be subject to claims alleging personal injury or property damage as a result of alleged exposure to hazardous substances. These laws and regulations may expose us to liability arising out of the conduct of operations or conditions caused by others, or for the acts of ours which were in compliance with all applicable laws at the time these acts were performed.

We own and operate several properties in the United States that have been used for a number of years for the storage and maintenance of equipment and upon

which hydrocarbons or other wastes may have been disposed or released. Any release of substances by us or by third parties who previously operated on these properties may be subject to the Comprehensive Environmental Response Compensation and Liability Act (CERCLA), the Resource Compensation and Recovery Act (RCRA), and analogous state laws. CERCLA imposes joint and several liability, without regard to fault or the legality of the original conduct, on certain classes of persons who are considered to be responsible for the release of "hazardous substances" into the environment, while RCRA governs the generation, storage, transfer, and disposal of hazardous wastes. Under such laws, we could be required to remove or remediate previously disposed wastes and clean up contaminated property.

Our operations outside of the United States are potentially subject to similar governmental controls and restrictions relating to the environment.

HIGHLY COMPETITIVE INDUSTRY COULD IMPEDE OUR GROWTH

We operate in a highly competitive environment. A substantial number of the major projects that we pursue are awarded based on bid proposals. We compete for these projects against government-owned or supported companies and other companies that have substantially greater financial and other resources than we do. In some markets, there is competition from national and regional firms against which we may not be price competitive. Our growth may be impacted to the extent that we are unable to successfully bid against these companies.

OUR OPERATING RESULTS COULD BE ADVERSELY AFFECTED IF OUR NON-U.S. OPERATIONS BECAME TAXABLE IN THE UNITED STATES

If any income earned, currently or historically, by Willbros Group, Inc. or its non-U.S. subsidiaries from operations outside the United States constituted income effectively connected to a United States trade or business, and as a result became taxable in the United States, we could be subject to U.S. taxes on a basis significantly more adverse than generally would apply to these business operations. In this event, our consolidated operating results could be materially and adversely affected.

WE ARE DEPENDENT UPON THE SERVICES OF OUR SENIOR MANAGEMENT

Our success depends heavily on the continued services of our senior management. We do not have an employment agreement with any of these individuals. Accordingly, we may not be able to retain any of these individuals in their capacity for any particular period of time. In addition, we do not maintain key man life insurance for these individuals. The loss or interruption of services provided by one or more of our

senior officers could adversely affect our results of operations. Furthermore, we may not be able to continue to attract and retain sufficient qualified personnel.

OUR STOCKHOLDER RIGHTS PLAN, ARTICLES OF INCORPORATION AND BY-LAWS MAY INHIBIT A TAKEOVER, WHICH MAY ADVERSELY AFFECT THE PERFORMANCE OF OUR STOCK

Our stockholder rights plan and provisions of our articles of incorporation and by-laws may discourage unsolicited takeover proposals or make it more difficult for a third party to acquire us, which may adversely affect the price that investors might be willing to pay for our common stock. For example, our articles of incorporation and by-laws:

-- provide for restrictions on the transfer of any shares of common stock to

prevent us from becoming a "controlled foreign corporation" under United States tax law;

- provide for a classified board of directors, which allows only one-third of our directors to be elected each year;
- restrict the ability of stockholders to take action by written consent;
- establish advance notice requirements for nominations for election to our board of directors; and
- authorize our board of directors to designate the terms of and issue new series of preferred stock.

We also have a stockholder rights plan which gives holders of our common stock the right to purchase additional shares of our capital stock if a potential acquirer purchases or announces a tender or exchange offer to purchase 15% or more of our outstanding common stock. The rights issued under the stockholder rights plan would cause substantial dilution to a person or group that attempts to acquire us on terms not approved in advance by our board of directors.

IT MAY BE DIFFICULT TO ENFORCE JUDGMENTS WHICH ARE PREDICATED ON THE FEDERAL SECURITIES LAWS OF THE UNITED STATES AGAINST US AND SOME OF OUR BOARD MEMBERS WHO ARE NON-U.S. RESIDENTS

We are a corporation organized under the laws of the Republic of Panama. In addition, two of our current board members are residents of countries other than the United States. Accordingly:

- it may not be possible to effect service of process on non-resident directors in the United States and to enforce judgments against them predicated on the civil liability provisions of the federal securities laws of the United States;
- because a substantial amount of our assets are located outside the United States, any judgment obtained against us in the United States may not be fully collectible in the United States; and
- we have been advised that courts in the Republic of Panama will not enforce liabilities in original actions predicated solely on the United States federal securities laws.

These factors mean that it may be more costly and difficult for you to recover fully any alleged damages that you may suffer for any violation of federal securities laws by us or our management than it would otherwise be in the case of a United States corporation whose directors are all United States residents. See "Enforceability of Civil Liabilities Under the Federal Securities Laws."

OUR STOCK PRICE IS VOLATILE

Our common stock has experienced significant price volatility, and such volatility may continue in the future. The price of our common stock could fluctuate widely in response to a range of factors, including variations in our quarterly results and changing conditions in the economy in general or in our industry in particular. In addition, stock markets generally experience significant price and volume volatility from time to time which may affect the market price of our common stock unrelated to our performance.

FORWARD-LOOKING STATEMENTS

Some of the information in this prospectus and the documents to which we refer you contains forward-looking statements within the meaning of the federal securities laws.

These forward-looking statements include, among others, the following:

- the amount and nature of future capital expenditures;
- oil, gas and power prices;
- demand for our services;
- the amount and nature of future investments by governments;
- expansion and other development trends of the oil, gas and power industries;
- business strategy; and
- expansion and growth of our business and operations.

These statements may be found under "Prospectus Summary," "Risk Factors," " Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business." Forward-looking statements typically are identified by use of terms such as "may," "will," "expect," "anticipate," "estimate" and similar words, although some forward-looking statements are expressed differently. You should be aware that our actual results could differ materially from those contained in the forward-looking statements due to a number of factors, including:

- the timely award of one or more projects;
- cancellation of projects;
- inclement weather;
- project cost overruns and unforeseen schedule delays;
- failing to realize cost recoveries from projects completed or in progress within a reasonable period after completion of the relevant project;
- identifying and acquiring suitable acquisition targets on reasonable terms;
- obtaining adequate financing;
- the demand for energy diminishing;
- curtailment of capital expenditures in the oil, gas and power industries;
- political circumstances impeding the progress of work;
- downturns in general economic, market or business conditions in our target markets; and
- changes in laws or regulations.

You should also consider carefully the statements under "Risk Factors" and other sections of this prospectus and the documents to which we refer you, which address additional factors that could cause our actual results to differ from those set forth in the forward-looking statements.

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USE OF PROCEEDS

We estimate that the net proceeds from the sale of the shares of common stock we are offering will be approximately $55,230,000 (based on an assumed offering price of $18.50, the last reported sale price on April 19, 2002). If the underwriters fully exercise the over-allotment option, the net proceeds of the shares we sell are estimated to be $62,467,000. "Net proceeds" is what we receive after paying the underwriting discount and other expenses of this offering. We will not receive any proceeds from the sale of shares by the selling stockholders.

We will use approximately $37.0 million of the net proceeds to repay all of our outstanding indebtedness under an existing credit agreement. At March 31, 2002, the weighted average interest rate under our credit agreement was 4.4%. The credit agreement matures on February 20, 2003. Our indebtedness under the credit agreement was incurred, in part, to finance the acquisition of MSI Energy Services Inc. Following the application of the proceeds from this offering, we will have approximately $82,511,000 available for borrowing under our credit agreement. We will use the balance of the net proceeds as working capital, to support expansion of operations and to fund possible acquisitions of assets and businesses which would complement our capabilities. At present, we have no specific commitments or agreements with respect to expanding our operations or acquiring any assets or businesses. Until we use the net proceeds of the offering, we will invest the funds in short-term, investment grade, interest-bearing securities.

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CAPITALIZATION

The table below shows:

-- Our capitalization on December 31, 2001.

-- Our capitalization on December 31, 2001, assuming the completion of the offering at an assumed public offering price of $18.50 per share, the last reported sale price on April 19, 2002 and the use of the net proceeds as described under "Use of Proceeds."

You should read this table in conjunction with our consolidated financial statements and related notes that are included in this prospectus.

	DECEMBER 31, 2001	
	ACTUAL	AS ADJUSTED
	(in thousands)	
Long-term debt, less current portion	$ 39,000	$ -
Stockholders' equity:		
Common stock; $0.05 par value; 35,000,000 shares authorized, 14,731,995 shares issued and outstanding, actual; 35,000,000 shares authorized, 17,931,995 shares issued and outstanding, as adjusted	786	946
Preferred stock; $0.01 par value; 1,000,000 shares		

authorized, no shares issued and outstanding, actual; 1,000,000 shares authorized, no shares issued and outstanding, as adjusted	-	-
Capital in excess of par value	72,915	127,985
Retained earnings	31,205	31,205
Treasury stock at cost, 996,196 shares	(7,403)	(7,403)
Notes receivable for stock purchases	(8)	(8)
Accumulated other comprehensive income (loss)	(938)	(938)
Total stockholders' equity	96,557	151,787
Total capitalization	$135,557	$151,787

PRICE RANGE OF COMMON STOCK AND DIVIDEND POLICY

Our common stock commenced trading on the New York Stock Exchange on August 15, 1996, under the symbol "WG." The following table sets forth the high and low sale prices per share of our common stock, as reported in the New York Stock Exchange composite transactions, for the periods indicated:

	HIGH	LOW
2000:		
First Quarter	$ 7.19	$ 4.13
Second Quarter	7.63	4.50
Third Quarter	8.06	5.13
Fourth Quarter	6.94	4.38
2001:		
First Quarter	15.00	6.19
Second Quarter	17.00	11.40
Third Quarter	14.05	10.25
Fourth Quarter	16.44	12.40
2002:		
First Quarter	16.85	14.10
Second Quarter (through May 7, 2002)	19.24	16.00

Substantially all of our stockholders maintain their shares in "street name" accounts and are not, individually, stockholders of record. As of March 26, 2002, our common stock was held by 97 holders of record and an estimated 1,621 beneficial owners.

Since 1991, we have not paid any cash dividends on our capital stock, except dividends in 1996 on our outstanding shares of preferred stock, which were converted into shares of common stock on July 15, 1996. We anticipate that we will retain earnings to support operations and to finance the growth and development of our business. Therefore, we do not expect to pay cash dividends in the foreseeable future. Our present credit agreement prohibits us from paying cash dividends on our common stock.

SELECTED CONSOLIDATED FINANCIAL AND OTHER DATA

This section presents our selected historical financial data. You should read carefully the consolidated financial statements included in this prospectus, including the notes to the financial statements. The selected data in this section is not intended to replace the consolidated financial statements.

We derived the statement of operations data for the years ended December 31, 2001, 2000 and 1999, and balance sheet data as of December 31, 2001 and 2000 from the audited consolidated financial statements in this prospectus. Those consolidated financial statements were audited by KPMG LLP, independent certified public accountants. We derived the statement of operations data for the years ended December 31, 1998 and 1997 and the balance sheet data as of December 31, 1999, 1998 and 1997 from audited consolidated financial statements that are not included in this prospectus.

	YEAR ENDED DECEMBER 31,				
	2001(1)	2000(2)	1999	1998	1997
	(in thousands, except per share data)				
STATEMENT OF OPERATIONS DATA:					
Contract revenue........................	$390,134	$314,290	$176,564	$281,618	$251,877
Operating expenses:					
Contract cost........................	315,685	266,969	145,498	220,360	182,435
Termination of benefit plans..........	(9,204)	-	-	-	-
Depreciation and amortization.........	19,522	22,408	21,313	25,552	18,936
General and administrative............	29,975	30,218	27,548	32,383	29,118
Operating income (loss)................	34,156	(5,305)	(17,795)	3,323	21,388
Net interest income (expense)..........	(2,084)	(1,865)	587	(484)	304
Minority interest......................	(1,501)	(2,449)	(1,541)	(1,132)	(1,911)
Other income (expense).................	(1,107)	(716)	2,031	(1,502)	58
Income (loss) before income taxes.......	29,464	(10,335)	(16,718)	205	19,839
Provision for income taxes.............	10,384	5,257	3,300	4,567	5,723
Net income (loss)......................	$ 19,080	$(15,592)	$(20,018)	$ (4,362)	$ 14,116
Net income (loss) per common share:					
Basic................................	$ 1.32	$ (1.11)	$ (1.54)	$ (0.30)	$ 0.97
Diluted..............................	1.27	(1.11)	(1.54)	(0.30)	0.96
CASH FLOW DATA:					
Cash provided by (used in):					
Operating activities.................	$ 24,756	$ 3,040	$(14,041)	$ 15,199	$ 45,788
Investing activities.................	(36,066)	(10,035)	4,866	(34,684)	(46,386)
Financing activities.................	18,373	10,442	8,641	(14,545)	19,747
OTHER DATA:					
EBITDA(3)..............................	$ 51,070	$ 13,938	$ 4,008	$ 26,241	$ 38,471
Capital expenditures, excluding acquisitions.........................	28,818	15,351	12,245	36,112	47,272
Backlog (at period end)(4).............	407,553	373,947	253,080	286,473	135,797
BALANCE SHEET DATA (AT PERIOD END):					
Cash and cash equivalents..............	$ 19,289	$ 11,939	$ 7,806	$ 8,247	$ 42,238
Working capital........................	46,222	32,079	25,801	13,495	39,563
Total assets...........................	224,135	176,125	153,153	159,939	201,202
Total debt.............................	39,284	26,298	15,981	758	8,574
Stockholders' equity...................	96,557	71,746	80,427	106,934	118,986

(See notes on following page)

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(1) We acquired MSI Energy Services Inc., a general contractor in Alberta, Canada, on October 12, 2001. Accordingly, its results of operations since that date are consolidated with our results of operations. See "Management's Discussion and Analysis of Financial Condition and Results of Operations -- General" and our consolidated financial statements included elsewhere in this prospectus.

(2) We acquired Rogers & Phillips, Inc., a U.S. pipeline construction company on January 24, 2000. Accordingly, its results of operations since that date are consolidated with our results of operations. See "Management's Discussion and Analysis of Financial Condition and Results of Operations -- General" and our consolidated financial statements included elsewhere in this prospectus.

(3) EBITDA represents earnings before net interest, income taxes, depreciation and amortization. EBITDA is not intended to represent cash flows for the respective period, nor has it been presented as an alternative to operating income as an indicator of operating performance. It should not be considered in isolation or as a substitute for measures of performance prepared in accordance with accounting principles generally accepted in the United States of America. See our Consolidated Statements of Cash Flows in our consolidated financial statements included elsewhere in this prospectus. EBITDA is included in this prospectus because it is one of the measures through which we assess our financial performance. EBITDA as presented may not be comparable to other similarly titled measures reported by other companies.

(4) Backlog is anticipated contract revenue from contracts for which award is either in hand or reasonably assured.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read this discussion together with the consolidated financial statements and other financial information included in this prospectus.

GENERAL

We derive our revenue from providing construction, engineering and specialty services to the oil, gas and power industries and government entities worldwide. We obtain contracts for our work primarily by competitive bidding or through negotiations with long-standing or prospective clients. Bidding activity, backlog and revenue resulting from the award of contracts to us may vary significantly from period to period. Contracts have durations from a few weeks to several months or in some cases more than a year.

Operations outside the United States may be subject to certain risks which ordinarily would not exist in the United States, including foreign currency restrictions, extreme exchange rate fluctuations, expropriation of assets, civil uprising and riots, availability of personnel and government audit. In 1999, local protesters looted and vandalized our facility near Port Harcourt, Nigeria,

and interfered with our operations and progress on some ongoing projects. The Nigerian government intervened and restored order in the area. In 2000 there were periodic interruptions on some projects. We have successfully operated in Nigeria for the past 39 years with very favorable relationships with the local communities, and believe that we can continue to operate in the area. We have been active in South America since 1939. Venezuela is the largest oil producer in South America and has redirected its energy initiative to include development of its significant natural gas reserves. This new initiative should translate into more demand for our natural gas pipeline capabilities. However, the Venezuelan economy is highly inflationary and the government has introduced a new hydrocarbon law, which is viewed by both international and national petroleum industry leaders as unfriendly to future investment in this sector. The outcome of negotiations between the government and private industry to revise the law is uncertain, and significant new foreign investment is unlikely until the negotiations are complete.

CRITICAL ACCOUNTING POLICIES

Revenue Recognition: Percentage-of-Completion Method. A number of factors relating to our business affect the recognition of contract revenue. Revenue from fixed-price construction and engineering contracts is recognized on the percentage-of-completion method. Under this method, estimated contract income and resulting revenue is generally accrued based on costs incurred to date as a percentage of total estimated costs, taking into consideration physical completion. Total estimated costs, and thus contract income, are impacted by changes in productivity, scheduling, and the unit cost of labor, subcontracts, materials and equipment. Additionally, external factors such as weather, client needs, client delays in providing approvals, labor availability, governmental regulation and politics, may also affect the progress and estimated cost of a project's completion and thus the timing of income and revenue recognition. Generally, we do not recognize income on a fixed-price contract until the contract is approximately 5% to 10% complete, depending upon the nature of the contract. Costs which are considered to be reimbursable are excluded from the percentage-of-completion calculation. Accrued revenue pertaining to reimbursables is limited to the cost of the reimbursables. If a current estimate of total contract cost indicates a loss on a contract, the projected loss is recognized in full when determined. Revenue from change orders, extra work, variations in the scope of work and claims is recognized when realization is reasonably assured. Revenue from unit-price contracts is recognized as earned. We believe that our operating results should be evaluated over a relatively long time horizon during which major contracts are completed and change orders, extra work, variations in the scope of work and cost recoveries and other claims are negotiated and realized.

All U.S. government contracts and many of our other contracts provide for termination of the contract for the convenience of the client. In the event a contract would be terminated at the convenience of the client prior to completion, we will typically be compensated for progress up to the time of termination and any

termination costs. In addition, many contracts are subject to certain completion schedule requirements with liquidated damages in the event schedules are not met as the result of circumstances that are within our control.

An example of a project involving many of the above factors is our project in Australia. The project in Australia was completed after July 1, 2000, the date on which liquidated damages were scheduled to commence under the contract. Due primarily to productivity and other labor issues, and anticipated liquidated damages, we recognized a contract loss of $14.5 million in 2000. However, during

2001, the client accepted claims for extension of the scheduled completion date, accepted other claims and requested additional services, resulting in contract amendments and thus realization in 2001 of $4.2 million of contract income on the project.

Income Taxes. The determination of our tax provision is complex due to operations in several tax jurisdictions outside the United States which may be subject to certain risks which ordinarily would not be expected in the United States. Tax regimes in certain jurisdictions are subject to significant changes which may be applied on a retroactive basis. If this were to occur, our tax expense could be materially different than the amounts reported. Furthermore, in determining the valuation allowance related to deferred tax assets, we estimate taxable income into the future and determine the magnitude of deferred tax assets which are more likely than not to be realized. Future taxable income could be materially different than amounts estimated, in which case the valuation allowance would need to be adjusted.

Joint Venture Accounting. From time to time, we seek one or more joint venture partners when a project requires local content, equipment, manpower or other resources beyond those we have available to complete work in a timely and efficient manner or when we wish to share risk on a particularly large project. We have investments, ranging from 10% to 50%, in joint ventures that operate in similar lines of business as ours. Investments consist of a 10% interest in a consortium for work in Venezuela, a 35% interest in a joint venture for work in Australia and a 50% interest in a joint venture for work in Africa. Interests in these unconsolidated ventures are accounted for under the equity-method in the consolidated balance sheets and on a proportionate consolidation basis in the consolidated statements of operations. This presentation is consistent with construction industry practice. Alternatively, if we were to account for these interests using the equity-method in the consolidated statement of operations, revenue and contract cost would be materially lower; however, net income would not change.

SIGNIFICANT BUSINESS DEVELOPMENTS

On January 24, 2000, we acquired Rogers & Phillips, Inc. ("RPI"), a closely held pipeline construction company in Houston, Texas with an experienced management team and a strong market position in the U.S. Gulf Coast area. Founded in 1992, RPI provides a full range of construction services for pipeline operating companies, including station and piping projects in congested urban areas and inside plants, as well as cross-country pipelines. The consideration included 1,035,000 shares of our common stock and approximately $1.7 million in cash and acquisition costs. The transaction was accounted for as a purchase. RPI contributed $85.9 million of revenue during 2001 and $39.4 million in 2000.

In September 2000, through a joint venture led by a subsidiary of ours, we were awarded a significant project, the scope of which includes the engineering, procurement and construction ("EPC") of a 665-mile (1,070-kilometer), 30-inch crude oil pipeline from the Doba Fields in Chad to an export terminal on the coast of Cameroon in Africa (the "Chad-Cameroon Pipeline Project"). Engineering and procurement activities began in late 2000. Pipeline construction began in November 2001 and is expected to be completed in 2003.

During 2000, our activities in Nigeria included work on two major EPC contracts for Shell: (a) the Nembe Creek gas gathering pipeline system, and (b) four concrete barge-mounted gas compressor facilities for Shell's Nembe Creek Associated Gas project (collectively, the "Nembe Creek Projects"). At the end of 2001, both projects were nearing completion.

During 2000, Willbros USA, Inc. relocated its administrative headquarters and some construction support services from Tulsa, Oklahoma, to Houston, Texas. The cost of the move, termination benefits, and office lease termination costs totaled approximately $4.5 million.

On October 12, 2001, we completed the purchase of MSI Energy Services Inc. ("MSI"), a Canadian general contractor whose common shares were listed on The Canadian Venture Exchange. MSI provides pipeline construction, pipeline integrity and maintenance services in addition to pipe storage and handling services, specialty metal fabrication services, pipeline equipment rentals and concrete construction products in the oil sands region of Northern Alberta, Canada. The aggregate purchase price, including transaction costs, was $8.3 million. In conjunction with the acquisition we sold 144,175 common shares from treasury for $1.9 million to certain MSI shareholders and the net cash paid of $6.4 million to purchase MSI was funded through borrowings under our principal credit agreement. The transaction was accounted for as a purchase. MSI contributed $3.3 million of revenue during 2001.

During 2001, our engineering group executed an alliance agreement with Explorer Pipeline Company to provide project management, engineering, procurement and construction services for their Mainline Expansion Project in Texas, Oklahoma, Missouri, Illinois, and Indiana (the "Explorer Pipeline Project"). This project includes construction of 12 grassroots pump stations, modifications at 12 existing pump stations, the addition of 500,000 barrels of storage at the Wood River, Illinois terminal and modifications at two other terminals. The project is scheduled for completion in 2002.

OTHER FINANCIAL MEASURES

We use EBITDA (earnings before net interest, income taxes, depreciation and amortization) as part of our overall assessment of financial performance by comparing EBITDA between accounting periods. We believe that EBITDA is used by the financial community as a method of measuring our performance and of evaluating the market value of companies considered to be in businesses similar to ours. EBITDA for the year 2001 was $51.1 million, up $37.2 million from $13.9 million for 2000.

We define anticipated contract revenue as backlog when the award of a contract is reasonably assured, generally upon the execution of a definitive agreement or contract. Anticipated revenue from post-contract award processes, including change orders, extra work, variations in the scope of work and the effect of escalation or currency fluctuation formulas, is not added to backlog until realization is reasonably assured. New contract awards totaled $423.8 million during the year ended December 31, 2001. Additions to backlog during the year were as follows: construction, $147.4 million; engineering, $219.9 million; and specialty services, $56.5 million. Backlog decreases by type of service as a result of services performed during the period were as follows: construction, $214.5 million; engineering, $120.3 million; and specialty services, $55.3 million. Backlog at the end of the year increased $33.7 million (9%) from the previous year end to $407.6 million and consisted of the following: (a) construction, $207.7 million, down $67.1 million (24%); (b) engineering, $154.6 million, up $99.6 million (181%); and (c) specialty services, $45.3 million, up $1.2 million (3%). Construction backlog consists primarily of the Chad-Cameroon Pipeline Project and construction projects in Offshore West Africa. Engineering backlog consists primarily of the Explorer Pipeline Project and other engineering and procurement projects in the United States. Specialty services backlog is largely attributable to a 16-year water injection contract awarded in 1998 to a consortium in which we have a 10% interest in Venezuela, contracts to build, own and operate four fueling facilities for the United States government, and service contracts in Oman and Canada.

RESULTS OF OPERATIONS

Our contract revenue and contract costs are primarily related to the timing and location of development projects in the oil, gas and power industries worldwide. Contract revenue and cost variations by country from year to year are the result of (a) entering and exiting work countries; (b) the execution of new contract awards; (c) the completion of contracts; and (d) the overall level of activity in our services.

Our ability to be successful in obtaining and executing contracts can be affected by the relative strength or weakness of the U.S. dollar compared to the currencies of our competitors, our clients and our work

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locations. We do not believe that our revenue or results of operations were adversely affected in this regard during the years ended December 31, 2001 or 2000.

FISCAL YEAR ENDED DECEMBER 31, 2001, COMPARED TO FISCAL YEAR ENDED DECEMBER 31, 2000

Contract Revenue. Contract revenue increased $75.8 million (24%) to $390.1 million as a result of (a) increased engineering revenue of $61.6 million due to an increase in engineering and procurement services in the United States; and (b) increased construction revenue of $22.1 million due primarily to increased construction activity in the United States, Offshore West Africa and Cameroon, partially offset by reduced activities on the Nembe Creek Projects in Nigeria as they neared completion in 2001 and the completion in the third quarter of 2000 of the construction contract in Australia. These increases in engineering and construction revenue were partially offset by a decrease of $7.9 million in specialty services revenue. Revenue in the United States increased $112.3 million (121%) due to an increase in engineering, procurement and construction services. Cameroon revenue increased $34.0 million as work on the Chad-Cameroon Pipeline Project moved from the engineering, procurement and mobilization phases into the construction phase in November 2001. Offshore West Africa revenue increased $26.3 million (149%) due to higher utilization of the combination barge "Willbros 318" as well as utilization of the derrick barge "WB82" acquired in 2001. Revenue in Oman increased $1.4 million (11%). Canada revenue, from the MSI acquisition on October 12, 2001, was $3.3 million. Nigeria revenue decreased $75.6 million (53%) due to reduced activity on the Nembe Creek Projects. Australia revenue decreased $16.7 million (81%) due to the construction contract that was completed in 2000, net of $4.0 million from contract amendments and settled claims during 2001. Revenue in Venezuela decreased $9.2 million (35%).

Contract Costs. Contract costs increased $48.7 million (18%) to $315.7 million due to an increase of $51.9 million in engineering services cost and an increase in construction services cost of $8.1 million, partially offset by a decrease of $11.3 million in specialty services cost. Variations in contract cost by country were closely related to the variations in contract revenue, with the exception of Australia. Contract costs in Australia decreased by $35.4 million or $18.7 million more than the decrease in revenue primarily as a result of a $14.5 million loss recognized during 2000, offset by $4.2 million of settled claims in 2001.

Termination of Benefit Plans. During 2001 we terminated two employee benefit plans which resulted in one-time, non-taxable gains of $9.2 million. These plans were costly to maintain and had become ineffective in the recruitment and retention of an experienced and qualified workforce.

Depreciation and Amortization. Depreciation and amortization decreased $2.9 million to $19.5 million due primarily to the sale in 2000 of excess equipment in Venezuela, Indonesia, the United States and Oman, accelerated amortization of

excess spare parts in Indonesia in 2000 and accelerated amortization of leasehold improvements of $0.8 million related to termination of our administrative office space in Tulsa, Oklahoma as a result of relocation of those offices to Houston, Texas.

General and Administrative. General and administrative expense, as a percentage of revenue, decreased to 7.7% in 2001 from 9.6% in 2000. On a dollar basis, general and administrative expenses decreased $0.2 million to $30.0 million in 2001. This reduction is the result of the non-recurrence of the $3.6 million in expenses that were incurred in 2000 that were associated with the relocation of the administrative office to Houston, Texas. This reduction was offset by increased general and administrative expenses in 2001 as expansion in staffing and support services were necessary to support the 24% increase in revenue during the year.

Operating Income. Operating income increased $39.4 million from an operating loss of $5.3 million in 2000 to operating income of $34.1 million in 2001. For the reasons described above, operating income increased in Australia by $19.4 million (from an operating loss of $15.4 million in 2000), the United States by $14.8 million, Offshore West Africa by $9.2 million and Cameroon by $5.0 million. Additionally, we recognized $9.2 million of gains related to the termination of certain employee benefit plans. These improvements were offset by reduced operating income in Nigeria and Venezuela totaling $18.7 million. All other areas combined accounted for an increase of $0.5 million.

Net Interest Income (Expense). Net interest income (expense) decreased $0.2 million to $2.1 million net interest expense due primarily to lower interest rates during the period offset by higher average debt levels.

Minority Interest. Minority interest expense decreased $0.9 million to $1.5 million due to a decrease in activity in Nigeria where minority interest partners were involved.

Foreign Exchange Gain (Loss). Foreign exchange loss decreased $1.0 million to $0.1 million primarily due to the write-off during 2000 of cumulative translation adjustments associated with substantially reduced operations in Indonesia and other work countries.

Other Income (Expense). Other income (expense) decreased $1.4 million to $1.0 million expense primarily due a full year of amortization of debt issue cost and losses on equipment disposals.

Provision for Income Taxes. The provision for income taxes increased $5.1 million while pretax income increased $39.8 million. This is the result of increased taxes on higher taxable income in the United States offset by lower income taxes in Nigeria due to a decrease in taxable revenue in that country, an adjustment to the deferred tax assets valuation allowance in the United States by $2.3 million and settlement of $0.9 million of prior year taxes in Nigeria. The valuation allowance for deferred tax assets was reduced in each of 2000 and 2001 as a result of significant increases in revenue, earnings, contract awards, backlog and forecasted earnings for some of our U.S. entities. In addition, we had $9.2 million of non-taxable gains in 2001 associated with the termination of benefit plans. The provision for income taxes is impacted by income taxes in certain countries, primarily Nigeria, being based on deemed profit rather than taxable income and the fact that losses in one country cannot be used to offset taxable income in another country.

FISCAL YEAR ENDED DECEMBER 31, 2000, COMPARED TO FISCAL YEAR ENDED DECEMBER 31, 1999

Contract Revenue. Contract revenue increased $137.7 million (78%) to $314.3 million due to (a) $124.6 million of increased construction revenue resulting primarily from new construction contracts in Nigeria, the United States and Offshore West Africa; and (b) an increase of $24.9 million in specialty services revenue, principally from operations in Nigeria, Oman and Venezuela; net of decreased engineering revenue of $11.8 million due to completion in early 2000 of the engineering portion of engineering, procurement and construction contracts in Nigeria. Nigeria revenue increased $67.1 million (88%) due to revenue from work performed on engineering, procurement and construction projects and increased specialty services work. Revenue in the United States increased $50.0 million (117%) primarily due to construction projects in Indiana, Illinois and Louisiana performed by RPI and increased engineering work. Offshore West Africa revenue increased $16.4 million due primarily to work performed on an engineering, procurement and construction project to install offshore pipelines and facilities. Oman revenue increased $4.9 million (61%) due to increased construction and service revenues. Venezuela revenue increased $2.6 million (11%) due to work performed on a water injection platform construction contract and several new service contracts. Australia revenue increased $1.9 million due to a construction contract started in the second half of 1999 and completed in July 2000. Indonesia revenue decreased $3.2 million (100%) and Ivory Coast revenue decreased $2.6 million (100%) due to the completion of work in 1999 on pipeline projects in those countries. Revenue in all other areas increased $0.6 million.

Contract Costs. Contract costs increased $121.5 million (84%) to $267.0 million due to an increase of $114.2 million in construction services cost, an increase of $15.8 million in specialty services costs and a decrease of $8.5 million in engineering services cost. Variations in contract costs by country were closely related to the variations in contract revenue, with the exception of Australia. Contract costs in Australia exceeded contract revenue by approximately $14.5 million.

Depreciation and Amortization. Depreciation and amortization increased $1.1 million to $22.4 million due to $0.8 million of accelerated amortization of leasehold improvements related to the Company's vacated office space in Tulsa, Oklahoma, and $0.9 million of increased amortization resulting from higher levels of spare parts purchases, offset by a reduction in depreciation expense as a result of the sale of excess equipment in Venezuela, Indonesia, the United States and Oman.

General and Administrative. General and administrative expense increased $2.6 million (9%) to $30.2 million. This increase included $3.0 million of general and administrative expense from RPI, which was acquired in January 2000, and $3.6 million in office relocation costs that were partially offset by a $4.0 million reduction in general and administrative expense as a result of personnel reductions and scaling back or eliminating activities.

Operating Loss. Operating loss declined $12.5 million (70%) to an operating loss of $5.3 million. Increased operating income in Nigeria, Offshore West Africa, Oman, and the United States in the aggregate was $26.8 million. This improvement is primarily attributable to a 78% increase in revenue in 2000 over 1999. Offsetting the improvements in the above work countries was the increased operating loss in Australia of $14.3 million. This loss is primarily attributable to unanticipated labor difficulties and delays caused by weather and a subcontractor.

Net Interest Income (Expense). Net interest income decreased $2.5 million to $1.9 million net interest expense due to an increase in borrowings and higher

interest rates during the period.

Minority Interest. Minority interest expense increased $0.9 million to $2.4 million due to an increase in activity in countries where minority interest partners were involved.

Foreign Exchange Gain (Loss). Foreign exchange loss increased $0.6 million to $1.1 million primarily due to the write-off of cumulative translation adjustments associated with substantially reduced operations in certain work countries.

Other Income (Expense). Other income decreased $2.1 million to $0.4 million primarily due to gains on disposals of equipment in 1999 exceeding gains on disposals of equipment in 2000.

Provision for Income Taxes. The provision for income taxes increased $2.0 million (61%) primarily due to the increase in taxable revenue in Nigeria, offset by a $1.2 million deferred tax benefit resulting from recognition in 2000 of a portion of the future tax benefit of operating loss carryforwards in the United States that were previously fully reserved through a valuation allowance against deferred tax assets. Although we had a loss before income taxes, a provision for income taxes was required due to income taxes in certain countries being based on deemed profit rather than taxable income and the fact that losses in one country cannot be used to offset taxable income in another country.

EFFECT OF INFLATION AND CHANGING PRICES

Our operations are affected by increases in prices, whether caused by inflation, government mandates or other economic factors, in the countries in which we operate. We attempt to recover anticipated increases in the cost of labor, fuel and materials through price escalation provisions in certain of our major contracts or by considering the estimated effect of such increases when bidding or pricing new work.

LIQUIDITY AND CAPITAL RESOURCES

Our primary requirements for capital are to acquire, upgrade and maintain equipment, provide working capital for current projects, finance the mobilization of employees and equipment to new projects, establish a presence in countries where we perceive growth opportunities and finance the possible acquisition of new businesses and equity investments. Historically, we have met these capital requirements primarily from operating cash flows, and more recently from borrowings under our credit facility.

Cash and cash equivalents increased $7.4 million (62%) to $19.3 million at December 31, 2001, from $11.9 million at December 31, 2000. The increase was due to cash flows of $24.8 million from operations, $18.4 million from financing activities resulting from net borrowings, issuance of treasury stock and the exercise of employee stock options and $0.3 million from the effect of exchange rate changes on cash and cash equivalents. These increases were partially offset by $36.1 million of investing activities primarily for the purchase of $28.8 million of equipment and spare parts and $7.4 million for the acquisition of MSI (net of cash acquired). Working capital increased $14.1 million during 2001 to $46.2 million at December 31, 2001. Our debt, net of cash balances, at December 31, 2001 was $20.0 million as compared

to $14.4 million at December 31, 2000. Stockholders' equity increased $24.8 million to $96.6 million at December 31, 2001. As a result, our debt (net of cash) to equity ratio was basically unchanged; going from 20% at the end of 2000

to 21% at December 31, 2001.

Contractual Obligations. We have a $150 million credit agreement with a syndicated bank group, which was amended effective June 30, 2000. The credit agreement subjects the $100 million revolving portion of the credit facility to borrowing base requirements. The entire facility, less amounts used under the revolving portion of the facility, may be used for standby and commercial letters of credit. Borrowings are payable at termination on February 20, 2003. Interest is payable quarterly at a Base Rate plus a margin ranging from 75 to 225 basis points or a Eurodollar Rate plus a margin ranging from 200 to 350 basis points, depending upon our performance. A commitment fee on the unused portion of the credit agreement is payable quarterly ranging from 47.5 to 75 basis points, depending upon our performance. The credit agreement is collateralized by substantially all of our assets, including stock of our principal subsidiaries. The credit agreement restricts the payment of cash dividends and requires us to maintain certain financial ratios, including among others, indebtedness to EBITDA, leverage, and interest coverage. The borrowing base is calculated using varying percentages of cash, accounts receivable, accrued revenue, contract cost and recognized income not yet billed, property, plant and equipment, and spare parts.

As of December 31, 2001, there was $39.0 million borrowed under the credit agreement at an average interest rate of 4.5% and $54.4 million of letters of credit outstanding, leaving $56.6 million available for a combination of borrowings and letters of credit.

At December 31, 2001, there were $0.1 million of notes payable issued by RPI to a bank, collateralized by vehicles and machinery, and payable in monthly installments of principal plus interest ranging from 6.7% to 9.0% per annum. The notes mature in 2002.

At December 31, 2001, MSI borrowed $0.1 million under a $1.5 million revolving credit facility with a bank. The credit facility is collateralized by a fabrication facility and some real estate and equipment. The facility matures in 2002.

In addition we have unsecured credit facilities with banks in certain countries outside the United States. Borrowings under these lines, in the form of short-term notes and overdrafts, are made at competitive local interest rates. Generally, each line is available only for borrowings related to operations in a specific country. Credit available under these facilities is approximately $9.3 million at December 31, 2001. There were no outstanding borrowings at December 31, 2001.

We have certain operating leases for office and camp facilities. Minimum lease commitments under operating leases as of December 31, 2001, totaled $4.5 million and are payable as follows: 2002, $1.3 million; 2003, $0.9 million; 2004, $0.8 million; 2005, $0.8 million; 2006, $0.6 million and later years, $0.1 million.

Based upon the above, our total cash obligations are payable as follows: 2002, $1.5 million; 2003, $39.9 million and later years, $2.3 million.

Commercial Commitments. From time to time we enter into commercial commitments, usually in the form of commercial and standby letters of credit, insurance bonds and financial guarantees. Contracts with our customers may require us to provide letters of credit or insurance bonds with regard to our performance of contracted services. In such cases, the commitments can be called upon in the event of our failure to perform contracted services. Likewise, contracts may allow us to issue letters of credit or insurance bonds in lieu of contract retention provisions, in which the client withholds a percentage of the contract value until project completion or expiration of a warranty period. Retention commitments can be called upon in the event of warranty or project completion

issues, as prescribed in the contracts. In connection with the Chad-Cameroon Pipeline Project joint venture, we issued a letter of credit to an equipment leasing company equal to 50% of total lease payments, our share of the joint venture. The letter of credit reduces as lease payments are made and expires in October 2002. The commitment can be called upon as a result of failure to make lease payments.

In connection with our 10% interest in a joint venture in Venezuela, we issued a corporate guarantee equal to 10% of the joint venture's outstanding borrowings with two banks. The guarantee reduces as borrowings are repaid, and expires in March 2003. The commitment as of December 31, 2001 totals $3.8 million.

In 1997 we entered into lease agreements with a special-purpose leasing partnership for land and an office building for our engineering group in Tulsa, Oklahoma. The leases are treated for accounting purposes as operating leases. The initial terms of the leases were for five years with 30 one-year renewal options and end in August 2002. At the end of the initial terms of the leases, we can extend the leases with the agreement of the lessor, purchase the leased assets for $5.5 million or terminate the leases and cause the assets to be sold. If the assets are sold, the cash proceeds from the sale in excess of $5.5 million will be paid to us by the landlord. In the event cash proceeds are less than $5.5 million, we will make up the shortfall up to a maximum of $4.7 million. Currently, we believe the fair market value of the property is equal to or greater than $5.5 million.

A summary of our off-balance sheet commercial commitments as of December 31, 2001 is as follows:

		AMOUNT OF COMMITMENT EXPIRATION PER PERIO	
	TOTAL COMMITMENT	LESS THAN 2 YEARS	OVER 2 YEARS
	(dollar amounts in millions)		
Letters of Credit:			
Chad-Cameroon Pipeline Project -- performance...........	$31.9	$31.9	$ -
Chad-Cameroon Pipeline Project -- equipment lease.......	12.9	12.9	-
Other -- performance and retention......................	9.6	9.6	-
Total letters of credit.................................	54.4	54.4	-
Insurance Bonds -- primarily performance related:			
Expiring..	6.7	6.7	-
Non-expiring..	2.5	-	2.5
Total insurance bonds...................................	9.2	6.7	2.5
Corporate guarantee.....................................	3.8	3.8	-
Lease residual value guarantee..........................	4.7	4.7	-
Total commercial commitments............................	$72.1	$69.6	$2.5

We do not anticipate any significant collection problems with our customers, including those in countries that may be experiencing economic and/or currency difficulties. Since our customers generally are major oil companies and government entities, and the terms for billing and collecting for work performed are generally established by contracts, we historically have a very low incidence of collectability problems.

We believe that cash flows from operations and borrowing capacity under existing credit facilities will be sufficient to finance working capital and capital expenditures for ongoing operations. We estimate capital expenditures for equipment and spare parts to be approximately $25.0 to $35.0 million in 2002. In analyzing our cash flow from operations, we believe that there are numerous factors that could and will have an impact on our cash flow, both positively and negatively; there is not one or two events that should they occur could not be funded from our operations or borrowing capacity. For a list of events which could cause actual results to differ from our expectations and a discussion of risk factors that could impact cash flow, see the section entitled "Risk Factors."

During 1998 and 1999, we repurchased and held in treasury 2,175,371 shares of common stock for $16.1 million. We did not repurchase any shares in 2000 or 2001. In January 2000, 1,035,000 shares of treasury stock were issued in connection with the acquisition of RPI. In October 2001, 144,175 shares of treasury stock were issued in connection with the acquisition of MSI. As of December 31, 2001, a total of 996,196 shares remain in treasury stock at an average price of $7.43 per share.

NEW ACCOUNTING PRONOUNCEMENTS

In June 2001, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 141, Business Combinations, and SFAS No. 142, Goodwill and Other Intangible Assets. SFAS No. 141 requires, among other things, that the purchase method of accounting be used for all business combinations after June 30, 2001. SFAS No. 142 requires, among other things, that goodwill and intangible assets with indefinite useful lives acquired after June 30, 2001 no longer be amortized, but instead be tested for impairment at least annually. Goodwill and intangible assets acquired before July 1, 2001 will continue to be amortized until adoption of SFAS No. 142.

We are required to fully adopt the provisions of SFAS No. 142 on January 1, 2002. Amortization expense related to goodwill was $38 thousand for the year ended December 31, 2000, and $47 thousand for the year ended December 31, 2001. We do not expect the adoption of SFAS No. 142 to have a material impact on the consolidated results of operations.

In June 2001, the FASB issued SFAS No. 143, Accounting for Asset Retirement Obligations. SFAS No. 143 requires that an asset retirement cost should be capitalized as part of the cost of the related long-lived asset and subsequently allocated to expense using a systematic and rational method. We will adopt SFAS No. 143 effective January 1, 2003. The transition adjustment, if any, will be reported as a cumulative effect of a change in accounting principle. At this time, we cannot reasonably estimate the effect of the adoption of this statement on either our financial position or results of operations.

In August 2001, the FASB issued SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets. SFAS No. 144 supersedes SFAS No. 121, Accounting for Long-Lived Assets and for Long-Lived Assets to be Disposed Of, but retains its fundamental provisions for recognizing and measuring impairment losses on long-lived assets held for use and long-lived assets to be disposed of by sale.

We are required to adopt SFAS No. 144 on January 1, 2002. The provisions of SFAS No. 144 generally are required to be applied prospectively. We do not expect the adoption of SFAS 144 to have a material impact on our financial position or results of operations.

FINANCIAL RISK MANAGEMENT

Our primary market risk is our exposure to changes in non-U.S. currency exchange rates. We attempt to negotiate contracts which provide for payment in U.S. dollars, but we may be required to take all or a portion of payment under a contract in another currency. To mitigate non-U.S. currency exchange risk, we seek to match anticipated non-U.S. currency revenue with expenses in the same currency whenever possible. To the extent we are unable to match non-U.S. currency revenue with expenses in the same currency, we may use forward contracts, options or other common hedging techniques in the same non-U.S. currencies. We had no forward contracts or options at December 31, 2001 and 2000.

The carrying amounts for cash and cash equivalents, accounts receivable, notes payable and accounts payable and accrued liabilities shown in the consolidated balance sheets approximate fair value at December 31, 2001 due to the generally short maturities of these items. We invest primarily in short-term dollar denominated bank deposits, and at December 31, 2001 did not have any investment in instruments with a maturity of more than a few days or in any equity securities. We have the ability and expect to hold our investments to maturity.

Our exposure to market risk for changes in interest rates relates primarily to our long-term debt. At December 31, 2001, $39.0 million of indebtedness was subject to variable interest rates. The weighted average effective interest rate on the variable rate debt for the twelve months ended December 31, 2001 was 7.6%. The detrimental effect of a hypothetical 100 basis point increase in interest rates would be to reduce income before income taxes by $0.3 million for the twelve-month period.

BUSINESS

We are one of the leading independent contractors providing construction, engineering and specialty services to the oil, gas and power industries and government entities worldwide. We place particular emphasis on projects in countries where we believe our experience gives us a competitive advantage, including several developing countries. Our construction services include the building and replacement of major pipelines and gathering systems, flow, pump and gas compressor stations, gas processing facilities, oil and gas production facilities and related infrastructure. Our engineering services include feasibility studies, conceptual and detailed design, field services, material procurement and overall project management. Our specialty services include oilfield transportation services, dredging, maintenance, specialty fabrication and facility operations.

For a description of current market conditions, our business strategy and our competitive strengths, see "Prospectus Summary."

CORPORATE STRUCTURE

Willbros Group, Inc. is incorporated in Panama. Panama's General Corporation Law is substantially modeled on the New York and Delaware corporate laws as they existed in 1932. Panama does not tax income derived from activities conducted outside Panama. The principal subsidiaries of Willbros Group, Inc. are Willbros International, Inc., Rogers & Phillips, Inc., MSI Energy Services, Inc. and

Willbros USA, Inc. All significant operations outside North America are carried out by material subsidiaries of Willbros International, Inc, which is also a Panamanian corporation. Such material subsidiaries include Willbros West Africa, Inc., Willbros (Nigeria) Limited, Willbros (Offshore) Nigeria Limited, Constructora CAMSA, C.A., The Oman Construction Company LLC, and Willbros Transandina, S.A. All significant operations in North America are carried out either by Roger & Phillips, Inc., a Delaware corporation, by MSI Energy Services, Inc., an Alberta, Canada corporation, or by the material subsidiaries of Willbros USA, Inc., which is also a Delaware corporation. Such material subsidiaries of Willbros USA, Inc. include Willbros Engineers, Inc., Willbros Energy Services Company and Willbros Operating Services, Inc. The Willbros corporate structure is designed to comply with jurisdictional and registration requirements associated with work bid and performed and to minimize worldwide taxation of operating income. Additional subsidiaries may be formed in specific work countries where necessary or useful for compliance with local laws or tax objectives.

WILLBROS BACKGROUND

We are the successor to the pipeline construction business of Williams Brothers Company, which was started in 1908 by Miller and David Williams. In 1949, the business was reconstituted and acquired by the next generation of the Williams family. The resulting enterprise eventually became The Williams Companies, Inc., a major U.S. energy and interstate natural gas and petroleum products transportation company ("Williams").

In 1975, Williams elected to discontinue its pipeline construction activities and, in December 1975, sold substantially all of the non-U.S. assets and international entities comprising its pipeline construction division to a newly formed Panama corporation (eventually renamed Willbros Group, Inc.) owned by employees of the division. In 1979, Willbros Group, Inc. retired its debt incurred in the acquisition by selling a 60% equity interest to Heerema Holding Construction, Inc. In 1986, Heerema acquired the balance of Willbros Group, Inc., which then operated as a wholly owned subsidiary of Heerema until April 1992.

In April 1992, Heerema sold Willbros Group, Inc. to a corporation formed December 31, 1991, in the Republic of Panama by members of the company's management at the time, certain other investors, including Yorktown Energy Partners, and Heerema. Subsequently, the original Willbros Group, Inc. was dissolved into the acquiring corporation which was renamed "Willbros Group, Inc."

WILLBROS MILESTONE PROJECTS

The following are selected milestone projects which we have achieved:

1942-44	Served as principal contractor on the "Big Inch" and "Little Big Inch" War Emergency Pipelines in the United States which delivered Gulf Coast crude oil to the Eastern Seaboard.
1951	Completed the 400-mile (645-kilometer) western segment of the Trans-Arabian Pipeline System in Jordan, Syria and Lebanon.
1954-55	Built Alaska's first major pipeline system, consisting of 625 miles (1,000 kilometers) of petroleum products pipeline, housing, communications, two tank farms, five pump stations, and marine dock and loading facilities.

1960	Built the first major liquefied petroleum gas pipeline system, the 2,175-mile (3,480-kilometer) Mid-America Pipeline in the United States, including six delivery terminals, two operating terminals, 13 pump stations, communications and cavern storage.
1964-65	Built the 390-mile (625-kilometer) Santa Cruz to Sica Sica crude oil pipeline in Bolivia. The highest altitude reached by this line is 14,760 feet (4,500 meters) above sea level, which management believes is higher than the altitude of any other pipeline in the world.
1967-68	Built the 190-mile (310-kilometer) Orito to Tumaco crude oil pipeline in Colombia, one of five Willbros crossings of the Andes Mountains, a project notable for the use of helicopters in high-altitude construction.
1970-72	Built the Trans-Ecuadorian Pipeline, crossing the Andes Mountains, consisting of 315 miles (505 kilometers) of 20- and 26-inch pipeline, seven pump stations, four pressure-reducing stations and six storage tanks. Considered the most logistically difficult pipeline project ever completed at the time.
1974-76	Led a joint venture which built the northernmost 225 miles (365 kilometers) of the Trans-Alaskan Pipeline System.
1974-76	Led a joint venture which constructed 290 miles (465 kilometers) of pipeline and two pump stations in the difficult to access western Amazon basin of Peru. Another logistics challenge which required lightering from shipping on the Amazon River.
1982-83	Built the Cortez carbon dioxide pipeline system in the southwestern United States, consisting of 505 miles (815 kilometers) of 30-inch pipe.
1984-86	Constructed, through a joint venture, the All American Pipeline System, a 1,240-mile (1,995-kilometer), 30-inch heated pipeline, including 23 pump stations, in the United States.
1984-95	Developed and furnished a rapid deployment fuel pipeline distribution and storage system for the U.S. Army which was used extensively and successfully in Saudi Arabia during Operation Desert Shield/Desert Storm in 1990/1991 and in Somalia during 1993.
1987	Rebuilt 25 miles (40 kilometers) of the Trans-Ecuadorian crude oil pipeline mobilizing to Ecuador in two weeks and completing work within six months after major portions were destroyed by an earthquake.
1988-92	Performed project management, engineering, procurement and field support services to expand the Great Lakes Gas Transmission System in the northern United States. The expansion involved modifications to 13 compressor stations and the addition of 660 miles (1,060 kilometers) of 36-inch pipeline in 50 separate loops.
1992-93	Rebuilt oil field gathering systems in Kuwait as part of the post-war reconstruction effort.
1996-98	Performed an EPC contract with Asamera (Overseas) Limited to design and construct pipelines, flowlines and related facilities for the Corridor Block Gas Project located in southern Sumatra, Indonesia.
1997-98	Carried out a contract for the construction of 120 miles (200 kilometers) each of 36- and 20-inch pipelines in the Zuata Region of the Orinoco Belt in Venezuela.

1997-98	Completed an EPC contract for El Paso Natural Gas Company and Gasoductos de Chihuahua, a joint venture between El Paso and PEMEX, to construct a 45-mile (75-kilometer) gas pipeline system in Texas and Mexico.
1999-00	Carried out a contract through a joint venture to construct a 492-mile (792-kilometer), 18-inch gas pipeline in Australia.
2000	Awarded an EPC contract for the 665-mile (1,070-kilometer), 30-inch crude oil Chad-Cameroon Pipeline Project, through a joint venture with another international contractor.

SERVICES PROVIDED

We operate in a single operating segment providing contract construction, engineering and specialty services to the oil, gas and power industries. The following table reflects our contract revenue by type of service for 2001, 2000 and 1999.

	YEAR ENDED DECEMBER 31,					
	2001		2000		1999	
	AMOUNT	PERCENT	AMOUNT	PERCENT	AMOUNT	PERCE
	(dollar amounts in thousands)					
Construction service	$214,456	55.0%	$192,270	61.2%	$ 67,690	38.
Engineering services	120,321	30.8	58,709	18.7	70,500	39.
Specialty services	55,357	14.2	63,311	20.1	38,374	21.
Total	$390,134	100.0%	$314,290	100.0%	$176,564	100.

Construction Services

We are one of the most experienced contractors serving the oil, gas and power industries. Our construction capabilities include the expertise to construct and replace:

-- large-diameter cross-country pipelines;

-- oil and gas production facilities, pump stations, flow stations, gas compressor stations, gas processing facilities;

-- other related facilities;

-- offshore platforms, piers, docks and bridges; and

-- offshore pipelines and facilities.

Pipeline Construction. We focus on pipeline construction activity in remote areas and harsh climates where we believe our experience gives us a competitive advantage. We believe that we have constructed more miles of pipeline than any other private sector company. Pipeline construction is capital-intensive, and we own, lease, operate and maintain a fleet of specialized equipment necessary for us to engage in the pipeline construction business.

Special equipment and techniques are required to construct pipelines across wetlands and offshore. The "Willbros 318" is a combination derrick/lay barge which performs pipelay and marine construction services in offshore West Africa. We use swamp pipelaying methods extensively in Nigeria, where most of our construction operations are carried out in the Niger River delta. In addition to our primary offshore and swamp equipment such as laybarges, dredges and swamp backhoes, we have a substantial investment in support vessels, including tugboats, barges, supply boats and houseboats, which are required in order to maintain our capabilities in offshore and swamp pipeline construction.

Station Construction. Oil and gas companies require various facilities in the course of producing, processing, storing and moving oil and gas. We are experienced in and capable of constructing facilities such as pump stations, flow stations, gas processing facilities, gas compressor stations and metering stations. We are capable of building such facilities onshore, offshore in shallow water or in swamp

locations. The construction of station facilities, while not nearly as capital-intensive as pipeline construction, is generally characterized by complex logistics and scheduling, particularly on projects in locations where seasonal weather patterns limit construction options, and in countries where the importation process is difficult. Our capabilities have been enhanced by our experience in dealing with such challenges in numerous countries around the world.

Marine Construction. Our marine fleet includes lay barges, pile driving barges, derrick barges and other vessels, which support marine construction operations, and the "Willbros 318" combination derrick/lay barge to perform shallow water pipelay and maintenance projects in offshore West Africa. This 300-foot (91-meter) barge is capable of laying up to 24-inch diameter pipe in up to 200-foot water depths. During 2001, we purchased the "WB82" work/derrick barge to complement our West Africa marine construction operations. The WB82 work/derrick barge is a 253-foot (78-meter) barge with accommodations for 135 personnel. The WB82 is equipped with a 100-ton revolving crane and is configured to support the construction, maintenance and repair of marine facilities. In Venezuela, we construct and install fixed drilling and production platforms, primarily in Lake Maracaibo, and we are also capable of building bridges, docks, jetties and mooring dolphins, which are a group of pilings clustered together and sometimes bound with wire rope.

Engineering Services

We provide project management, engineering and material procurement services to the oil, gas and power industries and government agencies. We specialize in providing engineering services to assist clients in constructing or expanding pipeline systems, compres