



WILLBROS GROUP, INC.  
ANNUAL REPORT

1996

*Compton*

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*Willbros Group, Inc. is one of the leading independent contractors serving the oil and gas industry, providing construction, engineering and specialty services to industry and government entities worldwide.*

**CONSTRUCTION SERVICES**

CONSTRUCTION SERVICES INCLUDE THE BUILDING AND REPLACEMENT OF MAJOR PIPELINES AND GATHERING SYSTEMS, FLOW STATIONS, PUMP STATIONS, GAS COMPRESSOR STATIONS, GAS PROCESSING FACILITIES, OIL AND GAS PRODUCTION FACILITIES, PIERS, DOCK FACILITIES AND BRIDGES.

**ENGINEERING SERVICES**

ENGINEERING SERVICES INCLUDE FEASIBILITY STUDIES, CONCEPTUAL AND DETAILED DESIGN, FIELD SERVICES, MATERIAL PROCUREMENT AND OVERALL PROJECT MANAGEMENT.

**SPECIALTY SERVICES**

SPECIALTY SERVICES INCLUDE DREDGING, PIPE COATING, PIPE DOUBLE JOINTING, REMOVAL AND INSTALLATION OF FLOWLINES, FABRICATION OF PILES AND PLATFORMS, MAINTENANCE AND REPAIR OF PIPELINES, STATIONS AND OTHER FACILITIES, PIPELINE REHABILITATION, GENERAL OILFIELD SERVICES AND TRANSPORT OF OILFIELD EQUIPMENT, RIGS AND VESSELS.

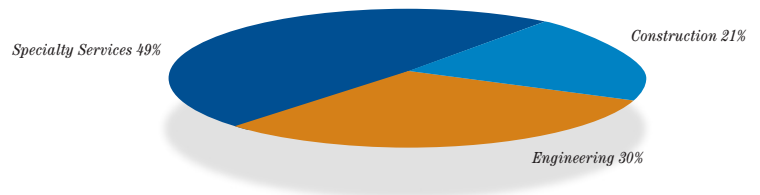
**G R O W T H   S T R A T E G Y**

- Increase market share in regions where we have a presence and expand into targeted new markets.
- Form strategic alliances to enhance business opportunities, achieve competitive advantage and share risk.
- Pursue acquisitions which complement our business strategy, resources and capabilities.
- Expand our quality program to promote continuous improvement of all our business processes.

	1996	1995	1994	1993	1992
<i>(Dollar amounts in thousands, except per share data)</i>					
<b>FISCAL YEAR</b>					
Contract revenues	\$ 197,688	\$ 220,506	\$ 145,716	\$ 210,011	\$ 180,947
Operating income	6,019	13,692	6,476	19,947	16,846
Net income	2,724	11,941	9,812	12,709	11,111
Net income per common share	.09 <sup>(1)</sup>	.84	.70	.92	.85
EBITDA	19,203	26,915	19,429	38,571	31,037
Capital expenditures	24,957	18,946	7,171	16,534	15,047
<b>AT FISCAL YEAR END</b>					
Working capital	36,723	38,767	28,390	20,663	14,481
Total assets	147,465	149,954	131,188	152,059	118,831
Stockholders' equity	92,386	39,273	27,340	20,295	7,983
Backlog	108,751	139,359	97,493	76,066	160,565

(1) After deducting \$1,448 (\$.10 per common share) of dividends on the Company's Preferred Stock.

1996 REVENUES BY LINES OF BUSINESS



**"Forward-Looking" Statements**

For purposes of the Private Securities Litigation Reform Act of 1995, statements in this Annual Report that are not historical in nature are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions within the bounds of its knowledge of its business, there can be no assurance that the Company's current financial goals and other business objectives will be achieved. Actual results may differ materially from those currently anticipated if the timely award of one or more projects is not achieved, if project cost and scheduled targets are exceeded, if cost recoveries from projects

completed or in progress are not realized within a reasonable period after completion of the relevant project, if suitable acquisition targets cannot be identified or acquired on reasonable terms, if the demand for energy diminishes or if political circumstances impede the progress of work. For a discussion of additional factors that may affect such results, see Management's Discussion and Analysis of Financial Condition and Results of Operations. The Company undertakes no obligation to update publicly any forward-looking statement, whether as a result of new information, future events or otherwise.

**FELLOW SHAREHOLDERS:**

Your Company took an important step forward in 1996 with the successful completion of an initial public offering of our shares in mid-August. I take this opportunity to extend a welcome to all our new Willbros shareholders. The listing of our common stock on the New York Stock Exchange is another significant milestone in the history of the Company, a history which is already notable for the many challenging and important projects completed throughout the world for the international petroleum industry.

Our roots go directly to the founding of Williams Brothers in 1908, before pipeline transportation became the most important means of transporting oil and gas. The growth of Williams Brothers paralleled the significant expansion of pipeline systems, first in the USA and Canada and later throughout the world. By the time Willbros became an independent company in 1975, most of our construction business had moved into international areas. Today Willbros provides construction, engineering and a variety of specialty services to customers throughout the world.

The decision to become a public company in 1996 reflects our belief that obtaining access to public capital markets is the best way to position our Company to take advantage of favorable industry conditions. These conditions should enable our Company to experience strong growth in the foreseeable future.

A recently concluded credit agreement with an expanded international bank group will provide additional capital and key financial relationships to support growth in our core business, financial flexibility for project-related equity investments and acquisitions that complement our lines of business. With a virtually unleveraged balance sheet and over \$24 million of cash at the end of 1996, a largely unused \$150 million line of credit established in early 1997 and a strong cash flow, Willbros has the financial resources to support internal and external growth.

We made significant progress toward achieving our growth strategy during 1996 by increasing market share in established markets in Africa and South America, expanding into targeted new markets in Asia and implementing a number of strategic alliances. Substantial investments were made in 1996 to expand our existing operations and enhance our capabilities in South America, Africa, the Middle East and North America. Anticipating continued strong demand for construction and specialty services, we have focused capital investment in Venezuela since our acquisition of an established company there in 1994. Additional capital investments will be made in Asia in 1997 to support geographical expansion into Indonesia for the Asamera Corridor Block Development Project, Willbros' first contract in that country in over 30 years.

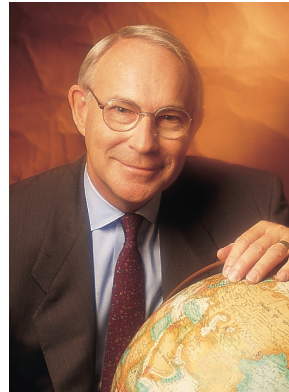
During the past year, major milestones were achieved in enhancing our competitiveness through quality and safety improvements. Willbros received quality certifications under ISO 9000 Standards in 1996 for U.S. engineering operations and for construction and specialty services operations in Oman and Nigeria. Our safety program recorded a 70 percent decrease in Willbros' lost-time incident rate for 1996 on 37 percent greater man-hours as compared to good 1995 results. The most dramatic results were achieved in our Venezuelan operations where lost-time incidents were reduced by 83 percent and in our Nigerian operations which passed the 5 million man-hour total without a lost-time incident.

While 1996 was a remarkable year for Willbros in many respects, it was not our best year in terms of financial performance. In particular, earnings were adversely impacted by additional costs incurred to complete the PARCO project in Pakistan and by a non-cash compensation charge recognized in connection with the public offering. Although we ended the year in line with expectations, we will definitely be striving for better results in 1997 and beyond.

Subsequent to the Initial Public Offering, our Board of Directors was strengthened by the election of two additional outside directors with distinguished business backgrounds in our industry: John H. Williams, retired Chairman of The Williams Companies, and Michael J. Pink, retired Director of Production Development for Shell Internationale Petroleum Maatschappij and, more recently, retired Group Managing Director of Enterprise Oil plc.

In February 1997, the Board elected Gary L. Bracken, a veteran Willbros employee, as President and Chief Operating Officer and approved the expansion of the Board of Directors, effective May 2, 1997, to include two additional positions. The Board is recommending to stockholders that the new positions be filled by Mr. Bracken and by M. Kieth Phillips, President of Willbros International, Inc. We believe these important steps will make our management team more effective in dealing with growth opportunities and managing quality improvements.

None of the achievements recorded for 1996 would have been possible without the dedication and support of our 3,700 multi-national employees, including those who, as employee shareholders, own about one-third of the Company. Willbros is truly a “global people business,” and I want to express my sincere appreciation to our employees throughout the world for the hard work, loyalty and professionalism they demonstrated throughout the year.



Larry J. Bump

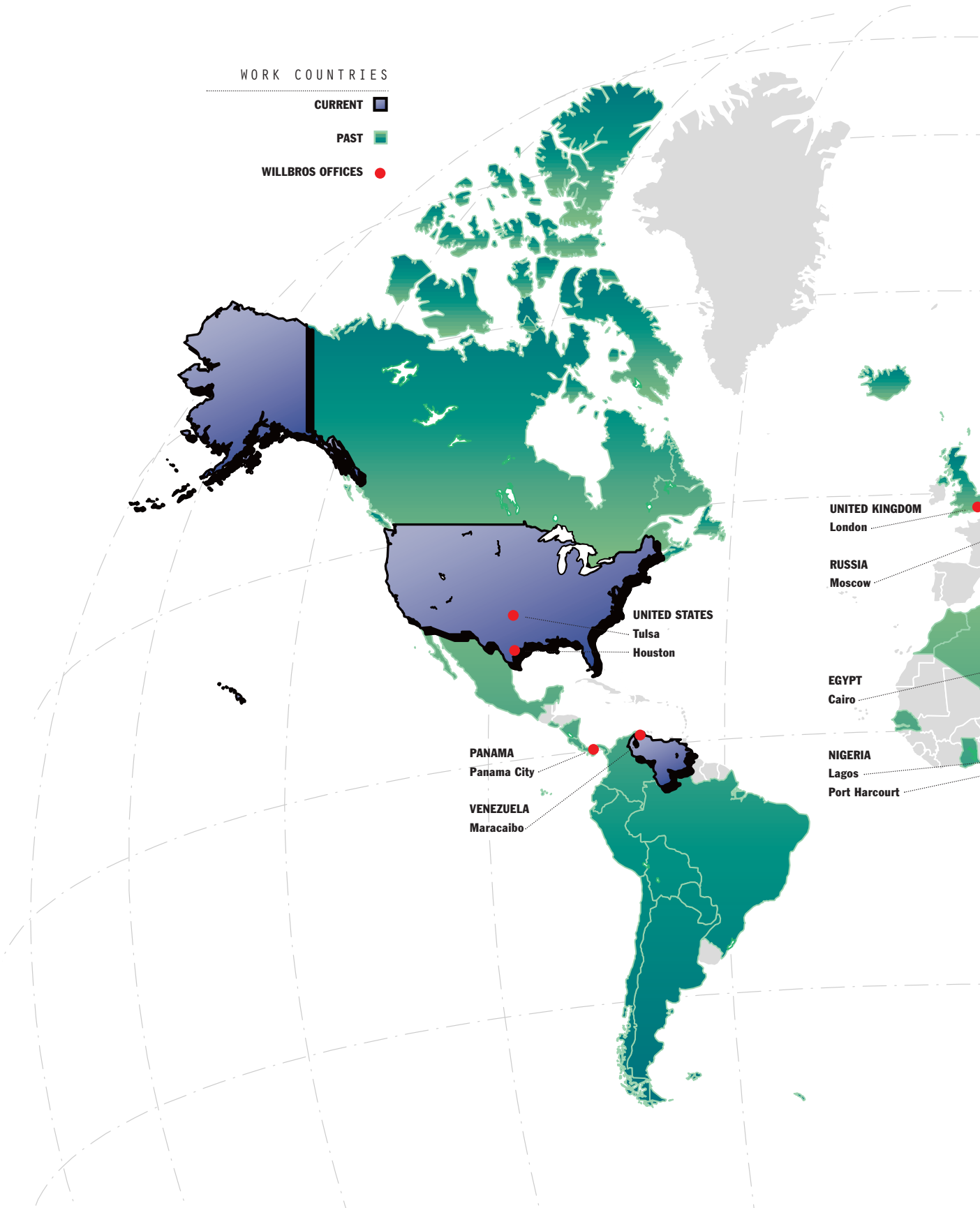


*In 1996, Willbros listed its shares in an initial public offering of common stock on the New York Stock Exchange under the symbol “WG”.*

A handwritten signature in black ink, appearing to read "Larry J. Bump".

**LARRY J. BUMP**

*Chairman and Chief Executive Officer  
Willbros Group, Inc.*





**CONSTRUCTION  
OPERATIONS REFLECT THE  
RESULTS OF A LONG-TERM  
GROWTH STRATEGY.**

Construction operations in 1996 reflect the result of a long-term growth strategy to expand into promising new markets while maintaining or increasing our share in existing markets. An office was opened in Jakarta, Indonesia, to position ourselves for construction services opportunities that are expected to materialize in this region of the world. Award of the Asamera Corridor Block Development Project in the fourth quarter of 1996 resulted in a \$33 million contract to Willbros to construct natural gas gathering facilities in 1997 and established our Company in Indonesia.

Substantial progress was achieved on the completion of a pipeline expansion project for PARCO in Pakistan, which has provided Willbros with a presence in this country since 1995.

In Nigeria, major crossings of the Escravos River were completed for Chevron and Nigeria National Petroleum Corporation. In Venezuela, work commenced for Corpoven on an offshore crude oil storage and loading terminal platform.

To enhance business opportunities, Willbros formed strategic alliances for a number of specific projects or markets and initiated joint ventures for projects in a number of countries including Azerbaijan, Bolivia, Brazil, Cameroon, Chad, Georgia, Indonesia and Russia.

We are optimistic about 1997 construction opportunities, especially for our international operations. A number of high profile pipeline projects in Africa, South America and the Commonwealth of Independent States are scheduled to be constructed in 1997. We are confident that our experience and resources will continue to favorably position Willbros to take advantage of these opportunities.





Engineering operations experienced strong growth in both the U. S. and international markets in 1996. Engineering revenues increased 25 percent on a year-to-year basis and backlog at year-end tripled from the previous year. The technical staff expanded by one-third to accommodate the increase in workload and to respond to a continuing high level of proposal activity.

In the U. S., Willbros was selected to provide engineering, project management and field services for a number of major gas transmission projects including Northern Border Pipeline Company's expansion and KN Energy's Pony Express project converting an existing crude oil pipeline to natural gas service. Work continued on Great Lakes Gas Transmission Company's looping and compressor station expansion program.

International projects undertaken included engineering and procurement for a gas gathering system to support the UCH power plant project in Pakistan and the front-end engineering for a gas gathering, reinjection and liquids pipeline which is part of the ASAB gas development project for ADNOC in Abu Dhabi.

An agreement was reached with an experienced engineering company in Mexico to jointly pursue projects in that country. This new alliance will enhance our prospects of obtaining work in this promising market.

The U. S. Navy awarded Willbros a multi-year pipeline integrity assessment contract to evaluate military installations worldwide. Work continued for the U. S. Army on a multi-year fuel storage investigations contract.

We are looking forward to continued growth in engineering operations during the coming year as the demand for energy (especially natural gas) continues to increase worldwide, particularly in developing countries.

**ENGINEERING EXPERIENCED  
A 25% GROWTH IN REVENUES  
AND BACKLOG TRIPLED.**

## **SPECIALTY SERVICES IS EXPERIENCING STRONG GROWTH.**

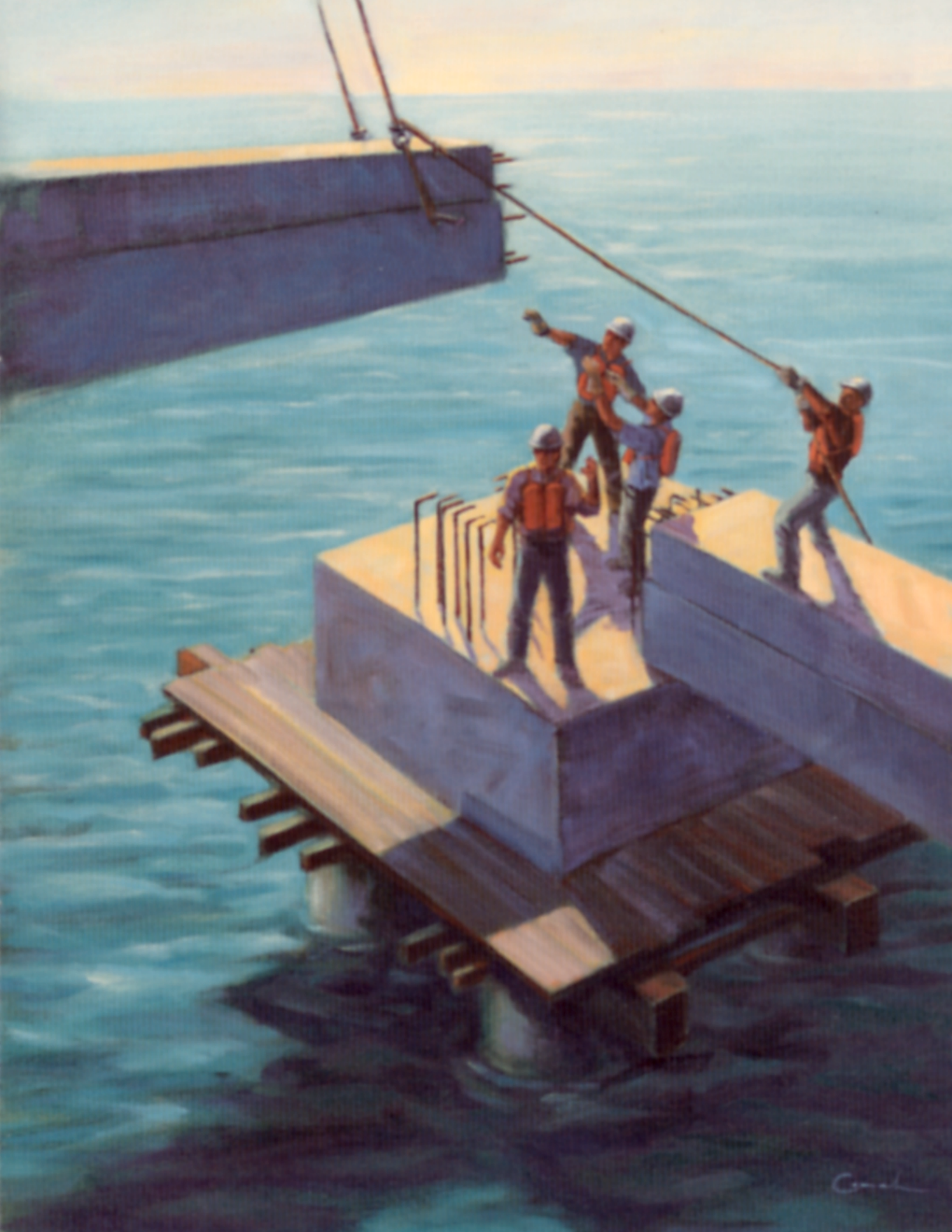
Specialty services operations currently account for approximately 50 percent of total revenues and is experiencing strong growth. These high margin services, often provided under multi-year contracts, tend to smooth out revenue, cash flow and earnings between major construction projects, are less susceptible to capital budget variations and typically involve less risk than construction projects.

During the past 34 years, Willbros has built a major specialty services business in Nigeria which includes dredging, pipe coating and leak repair, as well as general oilfield operations and maintenance services. Demand for these services continued to be strong in 1996.

Since 1965, Willbros has expanded its services in Oman to include flowline installation, maintenance and repair, transportation services, crane services and general oilfield operating and maintenance services. Over the years, these services have provided a base for operations in this important market and throughout the Middle East.

As a strategic move to expand construction and specialty services in South America and in anticipation of a resurgence of activity in Venezuela, Willbros acquired an established Venezuelan company in 1994 with significant experience in concrete pile fabrication and installation and construction of offshore platforms. During the past two years, onshore construction and specialty services capabilities were added. This approach is proving to be timely because there is a significant increase in demand for both marine and onshore support services as international oil and gas companies develop new investments in Venezuela.

We plan to expand our specialty services to other countries where we have a presence and to use specialty services as a vehicle for entering new markets. Specialty services opportunities are expected to grow as the demand for energy stimulates increased international oil and gas exploration.



Conrad



**W**illbros understands the importance of meeting the specific requirements of its customers. In April 1994, we acknowledged the benefits to be obtained from implementing a more formal quality system, and steps were taken to obtain ISO registration for a number of our operating companies. During 1996, Willbros achieved ISO 9000 registration for our U.S. engineering operations, as well as the construction and specialty services operations in both Oman and Nigeria.

Willbros is expanding its quality program to encompass Company activities not previously covered in the ISO regis-

tration effort. The objective of this action is to improve our competitiveness and profitability through continuous improvement of all of our business processes.

The quality program requires the active participation of every employee; each is responsible for adding value to our services. Our recently expanded quality department is now working with all of our operational and functional divisions to improve performance. The Company's quality system is being designed and documented and personnel are being trained in its application to all of our work. In addition, trained



**WILLBROS' QUALITY  
PROGRAM HAS BEEN  
EXPANDED.**

quality auditors are conducting internal quality audits and external audits of our suppliers as part of our assurance activities.

We are excited about the impact that the expanded quality program will have on our Company, on our employees, on the quality of our services and on the response of our customers.

We are confident that these efforts will contribute to the growth of the Company.

## WILLBROS:

- 1915  
*Began pipeline work in the United States.*
- 1939  
*Began international pipeline work in Venezuela.*
- 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.*
- 1947 - 48  
*Built the 370 mile (600 kilometer) Camiri to Sucre and Cochabamba crude oil pipeline in Bolivia.*
- 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.*
- 1956 - 57  
*Led a joint venture which constructed the 335 mile (535 kilometer) southern section of the Trans-Iranian Pipeline, a products pipeline system extending from Abadan to Tehran.*
- 1958  
*Constructed pipelines and related facilities for the world's largest oil export terminal at Kharg Island, Iran.*
- 1960  
*Built the first major liquified 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.*
- 1962  
*Began operations in Nigeria with the commencement of construction of the TransNiger Pipeline, a 170 mile (275 kilometer) crude oil pipeline.*
- 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.*
- 1965  
*Began operations in Oman with the commencement of construction of the 175 mile (280 kilometer) Fahud to Muscat crude oil pipeline system.*
- 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.*
- 1969  
*Completed a gas gathering system and 105 miles (170 kilometers) of 42 inch trunkline for the Iranian Gas Trunkline Project (IGAT) in Iran to supply gas to the USSR.*
- 1970 - 72  
*Built the Trans-Ecuadorian Pipeline, consisting of 315 miles (505 kilometers) of 20 and 26 inch pipeline, seven pump stations, four pressure reducing stations and six storage tanks.*
- 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 inaccessible western Amazon basin of Peru.*
- 1974 - 79  
*Designed and engineered the 500 mile (795 kilometer) Sarakhs-Neka gas transmission line in northeastern Iran.*
- 1976 - 79  
*Acted as technical leader of a consortium which designed and supplied six modularized gas compressor stations totaling 726,000 horsepower for the 56 inch Urengoy to Chelyabinsk gas pipeline system in western Siberia.*

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 kilometers), 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.*

1985 - 86

*Built a 185 mile (300 kilometer) 24 inch crude oil pipeline from Ayacucho to Coveñas in Colombia.*

1987

*Rebuilt 25 miles (40 kilometers) of the Trans-Ecuadorian crude oil pipeline 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.*

1989 - 90

*Built the Alto Magdalena Pipeline System in Colombia, consisting of 250 miles (400 kilometers) of 20 inch crude oil pipeline, one pump station and a tank farm.*

1989 - 92

*Provided pipeline engineering and field support services for the Kern River Gas Transmission System, a 36 inch pipeline project extending over 685 miles (1,100 kilometers) through desert and mountains from Wyoming to California in the United States.*

1992 - 93

*Rebuilt oil field gathering systems in Kuwait as part of the post-war reconstruction effort.*

1992 - 93

*Built 150 miles (240 kilometers) of a 42 inch pipeline in United States to expand the Pacific Gas Transmission System.*

1992 - 94

*Resumed activities in the C.I.S. Selected to develop export pipeline system for Caspian Pipeline Consortium from Tengiz Field to Kazakstan to Black Sea oil terminal at Novorossiysk, Russia, and established a representative office and a joint stock company in Russia.*

1994

*Re-entered Venezuela oil service market through the acquisition of CAMSA.*

1995

*Entered into an agreement with a Japanese trading company providing for the joint development of projects in selected markets in Southeast Asia and established an office in Jakarta, Indonesia, to pursue major projects in the region.*

1995 - 96

*Carried out two contracts in Pakistan for construction, material procurement and engineering of the MFM Pipeline Extension Project, which consists of 225 miles (365 kilometers) of 18 inch and 16 inch multi-product pipeline and related facilities.*

1996

*Launched a formal quality program and received ISO Certification of several operating companies.*

1996

*Listed shares in an initial public offering of common stock on the New York Stock Exchange under the symbol "WG".*

1996

*Began design work on an EPC contract with Asamera (Overseas) Limited to construct pipelines, flowlines and related facilities for the Corridor Block Gas Project located in southern Sumatra, Indonesia.*

**WILLBROS GROUP, INC. BOARD OF DIRECTORS**



*Standing left to right: Michael J. Pink, Peter A. Leidel, Melvin F. Spreitzer, Bryan H. Lawrence, Guy E. Waldvogel  
Seated: left: John H. Williams, right: Larry J. Bump*

**LARRY J. BUMP** is Chairman and Chief Executive Officer of Willbros Group, Inc. and Willbros USA, Inc. (3)

**BRYAN H. LAWRENCE** is a Managing Director of Dillon, Read & Co. Inc. He is also a Director of D & K Wholesale Drug, Inc., Hallador Petroleum Company, TransMontaigne Oil Company, Vintage Petroleum, Inc., Benson Petroleum Ltd. and Cavell Energy Corporation. (3)

**PETER A. LEIDEL** is a Senior Vice President of Dillon, Read & Co. Inc. He is also a Director of Cornell Corrections, Inc. (1)

**MICHAEL J. PINK** is the retired Director of Production Development for Shell Internationale Petroleum Maatschappij and, more recently, the retired Group Managing Director of Enterprise Oil plc. (4)

**MELVIN F. SPREITZER** is Executive Vice President and Chief Financial Officer of Willbros Group, Inc. and Willbros USA, Inc. (2) (3)

**GUY E. WALDVOGEL** is the Chief Financial Officer of Heerema Holding Construction, Inc. He is Chairman of PetitJean Industries, a Director of Renaissance Group, Inc. and Bank Julius Baer. (1) (2) (5)

**JOHN H. WILLIAMS** is the retired Chairman and Chief Executive Officer of The Williams Companies, Inc. He is also a Director of Apco Argentina, Inc., Unit Corporation and The Williams Companies, Inc. (Honorary). (2) (3) (4) (5)

**WILLBROS GROUP, INC. EXECUTIVE OFFICERS**



**LARRY J. BUMP**  
*Chairman and  
Chief Executive Officer*



**GARY L. BRACKEN**  
*President  
and Chief Operating Officer*



**MELVIN F. SPREITZER**  
*Executive Vice President and  
Chief Financial Officer*



**M. KIETH PHILLIPS**  
*President of Willbros  
International, Inc. and  
Willbros Energy Services  
Company*



**JAMES R. BEASLEY**  
*President of Willbros  
Engineers, Inc.*

(1) Member of Audit Committee; (2) Member of Compensation Committee; (3) Member of Executive Committee; (4) Member of Nominating Committee; (5) Member of Stock Plan Committee

SELECTED CONSOLIDATED FINANCIAL  
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	Year ended December 31,				
	1996	1995	1994	1993	1992
<i>(Dollar amounts in thousands, except per share data)</i>					
<b>STATEMENT OF INCOME DATA:</b>					
Contract revenues	\$ 197,688	\$ 220,506	\$ 145,716	\$ 210,011	\$ 180,947
Operating expenses:					
Contract cost	145,812	161,584	98,700	147,991	127,942
Depreciation and amortization	13,932	15,193	14,598	16,672	15,029
General and administrative	25,803	27,937	24,261	24,145	19,300
Compensation from changes in redemption value of common stock	6,122	2,100	1,681	1,256	1,830
Operating income	6,019	13,692	6,476	19,947	16,846
Net interest income (expense)	(215)	144	835	(785)	(2,133)
Minority interest	(2,220)	(1,589)	(1,758)	(3,615)	(1,014)
Other income (expense)	1,472	(381)	113	5,567	176
Income before income taxes	5,056	11,866	5,666	21,114	13,875
Provision (credit) for income taxes	2,332	(75)	(4,146)	8,405	2,764
Net income	\$ 2,724	\$ 11,941	\$ 9,812	\$ 12,709	\$ 11,111
Net income per share	\$ .09 <sup>(1)</sup>	\$ .84	\$ .70	\$ .92	\$ .85
<b>CASH FLOW DATA:</b>					
Cash provided by (used in):					
Operating activities	\$ 29,961	\$ (8,396)	\$ (3,771)	\$ 66,460	\$ 40,896
Investing activities	(24,072)	(18,558)	(13,169)	(14,621)	(83,875)
Financing activities	(1,630)	(2,321)	(1,271)	(8,175)	(41,758)
<b>OTHER DATA:</b>					
EBITDA <sup>(2)</sup>	\$ 19,203	\$ 26,915	\$ 19,429	\$ 38,571	\$ 31,037
Capital expenditures	\$ 24,957	\$ 18,946	\$ 7,171	\$ 16,534	\$ 15,047
Backlog <sup>(3)</sup>	\$ 108,751	\$ 139,359	\$ 97,493	\$ 76,066	\$ 160,565
Number of employees	3,700	3,110	2,030	1,870	3,090
<b>BALANCE SHEET DATA (AT PERIOD END):</b>					
Cash and cash equivalents	\$ 24,118	\$ 19,859	\$ 49,142	\$ 67,346	\$ 24,080
Working capital	36,723	38,767	28,390	20,663	14,481
Total assets	147,465	149,954	131,188	152,059	118,831
Total debt	1,340	3,119	5,828	6,639	16,000
Redemption value of common stock held by plan participants	—	7,918	5,430	3,279	2,038
Redeemable Preferred Stock	—	36,200	36,200	36,200	35,000
Stockholders' equity	92,386	39,273	27,340	20,295	7,983

(1) After deducting \$1,448 (\$.10 per common share) of dividends on the Company's Preferred Stock.

(2) EBITDA represents earnings (net income) before interest, income taxes, depreciation and amortization. EBITDA is not intended to represent cash flows for the 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 generally accepted accounting principles. See the Company's Consolidated Statements of Cash Flows in the Company's Consolidated Financial Statements. EBITDA is included in this information because it is a basis upon which the Company assesses its financial performance.

(3) The Company follows a practice of reflecting anticipated revenues from uncompleted portions of existing contracts and contracts whose award is reasonably assured as backlog. Historically, a substantial amount of the Company's revenues in a given year have not been reflected in its backlog at the beginning of that year. The average of revenues for the years 1992 through 1996 exceeds the average of backlog at the beginning of the years 1992 through 1996 by more than 150%.

**GENERAL**

The Company derives its revenues from providing construction services, engineering services and specialty services to the oil and gas industry and government entities worldwide. The Company obtains contracts for its work primarily by competitive bidding or through negotiations with long standing clients. Bidding activity, backlog and revenues resulting from the award of contracts to the Company may vary significantly from period to period.

A number of factors relating to the Company's business affect the Company's recognition of contract revenues. Revenues from fixed price construction and engineering contracts are recognized on the percentage-of-completion method. Under this method, estimated contract revenues are accrued based generally on the percentage that costs to date bear to total estimated costs, taking into consideration physical completion. Generally, the Company does not recognize income on a fixed-price contract until the contract is approximately 10% complete. Costs which are considered to be reimbursable are excluded before the percentage-of-completion calculation is made. Accrued revenues pertaining to reimbursables are 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. Revenues from unit-price contracts are recognized as earned. Revenues from change orders, extra work, variations in the scope of work and claims are recognized when realization is assured.

The Company derives its revenues from contracts with durations from a few weeks to several months or in some cases, more than a year. Unit-price contracts provide relatively even quarterly results; however, major projects are usually fixed-price contracts that may result in uneven quarterly financial results due to the method by which revenues are recognized. These financial factors, as well as external factors such as weather, client needs, client delays in approving change orders, labor availability, governmental regulation and politics may affect the progress of a project's completion and thus the timing of revenue recognition. The Company believes that its operating results should be evaluated over a

relatively long time horizon during which major contracts in progress are completed and change orders, extra work, variations in the scope of work and claims are negotiated and realized.

Under the Company's stock ownership plans established in 1992 and 1995, the Company had an obligation to purchase, under certain conditions and at a formula price, common stock held by retiring or terminating employees. The Company recorded as non-cash compensation expense the change in the redemption value at the end of each period using the maximum formula price. The Company recognized a non-cash compensation expense of \$4.7 million for the difference between the maximum redemption value of the shares subject to redemption and the initial public offering price upon the effectiveness of the initial public offering. The amount of these non-cash compensation expenses has not been added back in calculating EBITDA. The Company's stock redemption obligations terminated in the fourth quarter of 1996.

As previously noted, the Company uses EBITDA as part of its overall assessment of financial performance by comparing EBITDA between accounting periods. Management believes that EBITDA is used by the financial community as one way of measuring performance of companies in a peer group and in evaluating the market value of companies.

The Company recognizes anticipated revenue as backlog when the award of a contract is reasonably assured. Backlog decreased \$30.6 million to \$108.8 million as of December 31, 1996, due to a \$27.8 million decrease in Africa, a \$29.5 million decrease in the Middle East and a \$.5 million decrease in the C.I.S. offset by a \$2.1 million increase in Asia, a \$14.6 million increase in North America and a \$10.5 million increase in South America.

## RESULTS OF OPERATIONS

*Year Ended December 31, 1996, Compared to Year Ended December 31, 1995*

**CONTRACT REVENUES.** Contract revenues decreased \$22.8 million (10%) to \$197.7 million for 1996. The decrease was due primarily to (a) a \$19.2 million decrease in contract revenues in North America due to a \$23.1 million reduction in construction services revenue offset by a \$4.0 million increase in engineering and material procurement services in the United States; (b) an \$8.7 million decrease in contract revenues in Africa where a \$17.5 million increase in construction services revenue related to construction of a 20 inch gas pipeline river crossing and related facilities was offset by a \$26.2 million decrease in specialty services revenue associated with construction of swamp flowlines, flowline repair, dredging, pipe coating and material procurement in Nigeria; offset by (c) a \$4.5 million increase in contract revenues in Asia due to engineering, material procurement and construction services related to a 16-18 inch, 225 mile (365 kilometer) pipeline and four pump stations in Pakistan.

**CONTRACT COST.** Contract cost decreased \$15.8 million (10%) to \$145.8 million for 1996. The decrease was primarily attributable to (a) a \$20.1 million decrease in contract costs in North America due to a decrease in construction services activity; (b) a \$7.4 million decrease in contract costs in Africa due primarily to decreases in specialty services work; offset by (c) a \$10.9 million increase in contract costs in Asia.

**DEPRECIATION AND AMORTIZATION.** Depreciation and amortization expense decreased \$1.3 million to \$13.9 million for 1996, due primarily to certain assets becoming fully depreciated.

**GENERAL AND ADMINISTRATIVE.** General and administrative expense decreased \$2.1 million to \$25.8 million for 1996, primarily due to reduced incentive compensation expense.

**OPERATING INCOME.** Operating income decreased \$7.7 million (56%) to \$6.0 million for 1996. The decrease was primarily attributable to (a) a \$7.5 million reduction in Asia due to cost overruns and delay in settlement of certain project cost recoveries on a project in Pakistan; (b) a \$1.9 million decrease in North America due to reduced construction services and a charge for compensation expense for the difference between the maximum redemption value of common stock subject to redemption and the initial public offering price; offset by (c) a \$2.1 million increase in South America due to high margin specialty services activity in Venezuela, which was substantially completed in 1996.

**NET INTEREST INCOME (EXPENSE).** Net interest income decreased \$.3 million to a net expense of \$.2 million for 1996, due primarily to a decrease in interest income on short-term investments.

**MINORITY INTEREST EXPENSE.** Minority interest expense increased \$.6 million to \$2.2 million for 1996, due to the increased level of operations in jointly owned companies in certain work countries.

**OTHER INCOME (EXPENSE).** Other income increased \$1.9 million to \$1.5 million for 1996. The increase was primarily due to (a) a \$1.0 million increase in net foreign exchange gains arising from remeasuring assets and liabilities in countries with highly inflationary economies and (b) a \$.7 million increase in net gains on sales and retirements of equipment.

**PROVISION (CREDIT) FOR INCOME TAXES.** The provision for income tax expense increased \$2.4 million to \$2.3 million for 1996, due to increases in taxable income and tax rates in certain work countries in 1996, and a lesser reduction in 1996 than in 1995 in previous estimates of income taxes in certain work countries.

*Year Ended December 31, 1995, Compared to Year Ended December 31, 1994*

**CONTRACT REVENUES.** Contract revenues increased \$74.8 million (51%) to \$220.5 million for 1995. The increase was primarily attributable to (a) a \$29.7 million increase in contract revenues in Asia from engineering, material procurement and construction services related to a 16-18 inch, 225 mile (365 kilometer) pipeline and four pump stations in Pakistan; (b) a \$27.1 million increase in contract revenues in Africa related to specialty services associated with dredging, pipe coating and material procurement in Nigeria; (c) a \$14.8 million increase in contract revenues in South America related to fabrication and installation of concrete piles and platforms and other specialty services in Venezuela; (d) a \$7.0 million increase in contract revenues in North America associated with construction of a 20 inch, 130 mile (205 kilometer) gas pipeline in the United States; offset by (e) a \$2.6 million decrease in contract revenues in Oman due to reduced specialty services.

**CONTRACT COST.** Contract cost increased \$62.9 million (64%) to \$161.6 million for 1995. The increase was primarily attributable to (a) a \$30.0 million increase in contract cost in Asia due to engineering, material procurement and construction services in Pakistan; (b) a \$22.7 million increase in contract cost in Africa associated with specialty services in Nigeria; and (c) a \$6.3 million increase in contract cost in South America related to increased construction and specialty services in Venezuela.

**DEPRECIATION AND AMORTIZATION.** Depreciation and amortization expense increased \$.6 million to \$15.2 million for 1995, due primarily to equipment and spare parts additions in 1995 of \$18.9 million (compared to \$7.2 million in 1994).

**GENERAL AND ADMINISTRATIVE.** General and administrative expense increased \$3.6 million to \$27.9 million for 1995, due primarily to increased costs associated with new contracts in Africa and South America and the opening of a new office in Asia.

**OPERATING INCOME.** Operating income increased \$7.2 million (111%) to \$13.7 million for 1995. The increase was primarily attributable to (a) a \$6.0 million increase in South America related to increased specialty services; (b) a \$3.6 million increase in Africa related to increased specialty services; (c) a \$2.2 million increase in North America related to increased construction contracts and engineering margins; offset by (d) a \$4.7 million decrease in the Middle East due to reduced specialty services.

**NET INTEREST INCOME (EXPENSE).** Net interest income decreased \$.7 million to \$.1 million for 1995, due primarily to reduced interest income on short-term investments.

**MINORITY INTEREST EXPENSE.** Minority interest expense decreased \$.2 million to \$1.6 million for 1995, due to decreased activity in certain work countries.

**OTHER INCOME (EXPENSE).** Other income decreased \$.5 million to an expense of \$.4 million for 1995, due primarily to a foreign exchange loss.

**PROVISION (CREDIT) FOR INCOME TAXES.** The credit for income taxes decreased \$4.0 million to a credit of \$.1 million for 1995, principally due to increased taxable income in 1995 and a lesser reduction in 1995 than in 1994 in previous estimates of income taxes in certain countries.

**EFFECT OF INFLATION AND CHANGING PRICES; FOREIGN EXCHANGE RISK MANAGEMENT**

The Company's operations are affected by increases in prices, whether caused by inflation, government mandates or other economic factors, in the countries in which it operates. The Company attempts to recover anticipated increases in the cost of labor, fuel and materials through price escalation provisions in certain of its major contracts or by considering the estimated effect of such increases when bidding or pricing new work.

The Company attempts to negotiate contracts which provide for payment in U.S. dollars, but it may be required to take all or a portion of payment under a contract in another currency. To mitigate non-U.S. currency exchange risk, the Company seeks to match anticipated non-U.S. currency revenues with expenses in the same currency. To the extent it is unable to match non-U.S. currency revenues with expenses

in the same currency, the Company may use forward contracts, options or other common hedging techniques in the same non-U.S. currencies. As a result of the Company's foreign exchange risk management measures, aggregate foreign exchange gains during the last five years have exceeded aggregate foreign exchange losses during the same period.

#### **CAPITAL STRUCTURE, LIQUIDITY AND CAPITAL RESOURCES**

The Company's primary requirements for capital are to fund the acquisition, upgrade and maintenance of its equipment, provide working capital for current projects, finance the mobilization of employees and equipment to new projects, establish a presence in countries where the Company perceives growth opportunities and finance the possible acquisition of new businesses and equity investments. Historically the Company has met its capital requirements primarily from operating cash flows.

Cash and cash equivalents increased \$4.2 million (21%) to \$24.1 million for the year ended December 31, 1996. The increase was primarily due to a \$7.3 million decrease in working capital (changes in operating assets and liabilities) and \$22.7 million of cash flow from operations, offset by \$24.1 million in net capital expenditures for property, equipment and spare parts and \$1.6 million in financing activities.

At December 31, 1996, the Company had a \$100 million line of credit under a credit agreement with several financial institutions and Bank of America National Trust and Savings Association, as agent. This credit agreement provided a revolving credit facility and a standby and commercial letter of credit facility. At December 31, 1996, there were no borrowings and no financial or commercial letters of credit were outstanding. Standby letters of credit outstanding totaled \$28.7 million, leaving \$71.3 million available under the facility.

Subsequent to December 31, 1996, the Company entered into a new five-year \$150 million credit agreement, that may be extended annually, subject to certain approvals, for three years, with a syndicated bank group including ABN AMRO Bank N.V. as agent and Credit Lyonnais as co-agent. The new credit agreement provides for a \$100 million revolving credit facility, part of which can be used for acquisitions and equity investments. The entire facility, less amounts used under the revolving portion of the facility, may be used for standby and commercial letters of credit. Principal is payable at termination on all revolving loans except qualifying acquisition and equity investment loans which are payable quarterly over the remaining life of the new credit agreement. Interest is payable quarterly at prime or other alternative interest rates. A commitment fee is payable quarterly based on an annual rate of 1/4% of the unused portion of the credit facility. The Company's obligations under the new credit agreement are secured by the stock of the principal subsidiaries of the Company. The new credit agreement requires the Company to maintain certain financial ratios, restricts the amount of annual dividend payments to the greater of 25¢ per share or 25% of net income and limits the Company's ability to purchase its own stock.

The Company has 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 \$8.0 million at December 31, 1996.

The Company believes that cash flow from operations and borrowing under existing credit facilities will be sufficient to finance working capital and capital expenditures for ongoing operations at least through the end of 1997.

**THE STOCKHOLDERS AND BOARD OF DIRECTORS  
WILLBROS GROUP, INC.:**

We have audited the accompanying consolidated balance sheets of Willbros Group, Inc. and subsidiaries (the "Company") as of December 31, 1996, and 1995 and the related consolidated statements of income, stockholders' equity and cash flows for each of the years in the three-year period ended December 31, 1996. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the aforementioned consolidated financial statements present fairly, in all material respects, the financial position of Willbros Group, Inc. and subsidiaries as of December 31, 1996, and 1995 and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 1996, in conformity with generally accepted accounting principles in the United States.

*KPMG Peat Marwick*

*Panama City, Panama  
January 31, 1997*

	December 31,	
	1996	1995
<i>(In thousands, except share and per share amounts)</i>		
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 24,118	\$ 19,859
Accounts receivable	53,756	65,652
Contract cost and recognized income not yet billed	3,643	11,515
Prepaid expenses	3,866	1,992
Total current assets	<u>85,383</u>	<u>99,018</u>
Spare parts, net	5,724	4,615
Property, plant and equipment, net	53,445	44,318
Other assets	2,913	2,003
Total assets	<u>\$ 147,465</u>	<u>\$ 149,954</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Notes payable	\$ 640	\$ 3,119
Accounts payable and accrued liabilities	32,868	41,015
Accrued income taxes	4,050	4,918
Contract billings in excess of cost and recognized income	11,102	11,199
Total current liabilities	<u>48,660</u>	<u>60,251</u>
Deferred income taxes	200	1,358
Other liabilities	6,219	4,954
Total liabilities	<u>55,079</u>	<u>66,563</u>
Redemption value of common stock held by plan participants	-	7,918
Redeemable Preferred Stock, \$100 par value, redeemable at par		
March 31, 2001, 8% dividend payable quarterly beginning		
March 31, 1996, 362,000 shares authorized, none issued at		
December 31, 1996, (362,000 at December 31, 1995)	-	36,200
Stockholders' equity:		
Class A Preferred Stock, par value \$.01 per share,		
1,000,000 shares authorized, none issued	-	-
Common stock, par value \$.05 per share, 35,000,000 shares		
authorized and 14,385,980 shares issued at December 31, 1996		
(3,000,000 at December 31, 1995)	719	150
Capital in excess of par value	55,475	10,731
Cumulative foreign currency translation adjustment	(784)	(784)
Retained earnings	40,160	39,956
Notes receivable for stock purchases	(3,184)	(2,377)
Treasury stock at cost, 78,000 shares at December 31, 1995	-	(485)
Redemption value of common stock held by plan participants	-	(7,918)
Total stockholders' equity	<u>92,386</u>	<u>39,273</u>
Total liabilities and stockholders' equity	<u>\$ 147,465</u>	<u>\$ 149,954</u>

See accompanying notes to consolidated financial statements.

WILLBROS GROUP, INC.

	Year Ended December 31,		
	1996	1995	1994
<i>(In thousands, except share and per share amounts)</i>			
Contract revenues	\$ 197,688	\$ 220,506	\$ 145,716
Operating expenses:			
Contract	145,812	161,584	98,700
Depreciation and amortization	13,932	15,193	14,598
General and administrative	25,803	27,937	24,261
Compensation from changes in redemption value of common stock	6,122	2,100	1,681
	191,669	206,814	139,240
Operating income	6,019	13,692	6,476
Other income (expense):			
Interest income	1,063	1,863	2,205
Foreign exchange gain (loss)	705	(331)	42
Minority interest	(2,220)	(1,589)	(1,758)
Interest expense	(1,278)	(1,719)	(1,370)
Other - net	767	(50)	71
	(963)	(1,826)	(810)
Income before income taxes	5,056	11,866	5,666
Provision (credit) for income taxes	2,332	(75)	(4,146)
Net income	\$ 2,724	\$ 11,941	\$ 9,812
Net income per common and common equivalent share	\$ .09	\$ .84	\$ .70
Weighted average number of common and common equivalent shares outstanding	14,151,532	14,215,181	13,981,201

<i>(In thousands, except share amounts)</i>	Common Stock		Capital in Excess of Par Value	Cumulative Foreign Currency Translation Adjustment	Retained Earnings	Notes Receivable for Stock Purchases	Treasury Stock	Redemption Value of Common Stock Held by Plan Participants	Total Stock- holders' Equity
	Shares	Par Value							
Balance, January 1, 1994	2,475,000	\$ 124	\$ 5,203	\$ (783)	\$ 20,977	\$ (1,947)	\$ -	\$ (3,279)	\$ 20,295
Net income	-	-	-	-	9,812	-	-	-	9,812
Purchase of treasury stock	-	-	-	-	-	-	(323)	66	(257)
Payment of notes receivable	-	-	-	-	-	648	-	(536)	112
Exercise of stock options	372,000	18	1,223	-	-	(1,096)	-	-	145
Increase in redemption value of common stock	-	-	1,681	-	-	-	-	(1,681)	-
Translation adjustments	-	-	-	7	-	-	-	-	7
Deemed dividend	-	-	-	-	(2,774)	-	-	-	(2,774)
Balance, December 31, 1994	<u>2,847,000</u>	<u>142</u>	<u>8,107</u>	<u>(776)</u>	<u>28,015</u>	<u>(2,395)</u>	<u>(323)</u>	<u>(5,430)</u>	<u>27,340</u>
Net income	-	-	-	-	11,941	-	-	-	11,941
Purchase of treasury stock	-	-	-	-	-	-	(376)	166	(210)
Payment of notes receivable	-	-	-	-	-	663	-	(554)	109
Exercise of stock options	153,000	8	524	-	-	(645)	214	-	101
Increase in redemption value of common stock	-	-	2,100	-	-	-	-	(2,100)	-
Translation adjustments	-	-	-	(8)	-	-	-	-	(8)
Balance, December 31, 1995	<u>3,000,000</u>	<u>150</u>	<u>10,731</u>	<u>(784)</u>	<u>39,956</u>	<u>(2,377)</u>	<u>(485)</u>	<u>(7,918)</u>	<u>39,273</u>
Net income	-	-	-	-	2,724	-	-	-	2,724
Preferred dividends	-	-	-	-	(1,448)	-	-	-	(1,448)
Purchase of treasury stock	-	-	-	-	-	-	(2,531)	63	(2,468)
Exercise of stock options	-	-	-	-	(1,072)	(1,715)	3,016	-	229
Sale of common stock, net of offering expenses	525,980	26	2,965	-	-	-	-	-	2,991
Conversion of preferred stock	10,860,000	543	35,657	-	-	-	-	-	36,200
Payment of notes receivable	-	-	-	-	-	908	-	(897)	11
Increase in redemption value of common stock	-	-	1,427	-	-	-	-	(1,427)	-
Compensation expense at initial public offering date	-	-	4,695	-	-	-	-	-	4,695
Termination of redemption obligation	-	-	-	-	-	-	-	10,179	10,179
Balance, December 31, 1996	<u>14,385,980</u>	<u>\$ 719</u>	<u>\$ 55,475</u>	<u>\$ (784)</u>	<u>\$ 40,160</u>	<u>\$ (3,184)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 92,386</u>

See accompanying notes to consolidated financial statements.  
WILLBROS GROUP, INC.

	Year Ended December 31,		
	1996	1995	1994
<i>(In thousands)</i>			
Cash flows from operating activities:			
Net income	\$ 2,724	\$ 11,941	\$ 9,812
Reconciliation of net income to cash provided by (used in) operating activities:			
Depreciation and amortization	13,932	15,193	14,598
Compensation from changes in redemption value of common stock	6,122	2,100	1,681
Loss (gain) on sales and retirements	(96)	592	394
Changes in operating assets and liabilities:			
Accounts receivable	11,896	(33,923)	(607)
Contract cost and recognized income not yet billed	7,872	(10,797)	2,308
Prepaid expenses and other assets	(2,784)	(556)	(679)
Accounts payable and accrued liabilities	(8,147)	8,930	(2,066)
Accrued income taxes	(868)	(1,541)	(9,977)
Contract billings in excess of cost and recognized income	(97)	97	(19,228)
Deferred income taxes	(1,158)	(976)	(207)
Other liabilities	565	544	200
Cash provided by (used in) operating activities	29,961	(8,396)	(3,771)
Cash flows from investing activities:			
Proceeds from sales of property and equipment	885	388	759
Purchase of property and equipment	(18,474)	(13,179)	(3,703)
Purchase of spare parts	(6,483)	(5,767)	(3,468)
Purchase of CAMSA, net of cash received of \$663	-	-	(6,757)
Cash used in investing activities	(24,072)	(18,558)	(13,169)
Cash flows from financing activities:			
Proceeds from notes payable to banks	13,291	6,530	11,211
Proceeds from common stock	3,220	101	145
Proceeds from notes payable to former shareholders	1,401	-	-
Collection of notes receivable for stock purchases	908	663	648
Repayment of notes payable to banks	(16,237)	(9,239)	(7,952)
Purchase of treasury stock	(2,531)	(376)	(323)
Payment of dividends on preferred stock	(1,448)	-	-
Repayment of notes payable to former shareholders	(234)	-	-
Repayment of bank debt	-	-	(5,000)
Cash used in financing activities	(1,630)	(2,321)	(1,271)
Effect of exchange rate changes on cash and cash equivalents	-	(8)	7
Cash provided by (used in) all activities	4,259	(29,283)	(18,204)
Cash and cash equivalents, beginning of year	19,859	49,142	67,346
Cash and cash equivalents, end of year	\$ 24,118	\$ 19,859	\$ 49,142

*(In thousands, except share and per share amounts)*

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**PRINCIPLES OF CONSOLIDATION** – The consolidated financial statements include the accounts of Willbros Group, Inc. (“WGI”), a Republic of Panama corporation, and all of its majority-owned subsidiaries (the “Company”). All material intercompany accounts and transactions are eliminated in consolidation. The ownership interest of minority participants in subsidiaries that are not wholly owned (principally in Nigeria and Oman) is included in accounts payable and accrued liabilities and is not material. The minority participants’ share of the net income of those subsidiaries is included in other expense.

The consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States and include certain estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

**ACCOUNTS RECEIVABLE** – Accounts receivable include retainage, all due within one year, of \$1,437 in 1996 and \$2,654 in 1995 and are stated net of allowances for bad debts of \$1,119 in 1996 and \$2,992 in 1995.

**SPARE PARTS** – Spare parts (excluding expendables), stated net of accumulated depreciation of \$9,750 in 1996 and \$10,641 in 1995, are depreciated over three years on the straight-line method.

**PROPERTY, PLANT AND EQUIPMENT** – Depreciation is provided on the straight-line method using principally estimated lives of four to six years. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in income for the period. Normal repair and maintenance costs are charged to expense as incurred. Major overhaul costs are accrued and allocated to contracts based on estimates of equipment condition. Significant renewals and betterments are capitalized.

**REVENUES** – Construction and engineering fixed-price contracts are accounted for using the percentage-of-completion method. Under this method, estimated contract revenues are 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. Revenues from unit-price contracts are recognized as earned. Revenues from change orders, extra work, variations in the scope of work and claims are recognized when realization is assured.

**INCOME TAXES** – The Company accounts for income taxes by the asset and liability method under which deferred tax assets and liabilities are recognized for the future tax consequences of operating loss and tax credit carryforwards and differences between the financial carrying values of assets and liabilities and their tax bases.

**RETIREMENT PLANS AND BENEFITS** – The Company has defined benefit and defined contribution retirement plans and a postretirement medical benefits plan that provide retirement benefits to substantially all regular employees. Qualified plans are contributory on the part of employees. Pension costs are funded in accordance with annual actuarial valuations. The Company records the cost of postretirement medical benefits, which are funded on the pay-as-you-go basis, over the employees’ working lives.

**COMMON STOCK OPTIONS** – The Company follows the intrinsic value method of accounting for common stock options granted to employees.

FOREIGN CURRENCY TRANSLATION – All significant asset and liability accounts stated in currencies other than United States dollars are translated into United States dollars at current exchange rates. Translation adjustments are accumulated in a separate component of stockholders' equity. Revenue and expense accounts are converted at prevailing rates throughout the year. Foreign currency transaction adjustments and translation adjustments in highly inflationary economies are recorded in income.

CASH FLOWS – In the determination of cash flows, all highly liquid debt instruments are considered to be cash equivalents. The Company paid interest of \$1,280 in 1996, \$1,712 in 1995 and \$1,377 in 1994 and income taxes of \$3,676 in 1996, \$2,426 in 1995 and \$2,227 in 1994.

INCOME PER SHARE – Primary income per share is calculated by dividing net income, less any preferred dividend requirements, by the weighted average number of common share and dilutive share equivalents (options and warrants), outstanding during the year. Fully diluted income per share is calculated assuming all shares and dilutive share equivalents are outstanding as of the beginning of the year. There is no significant difference between primary and fully diluted income per share. The weighted average number of common share and share equivalents assumes that all common shares issued in the twelve months prior to the initial public offering were outstanding for all periods presented.

## 2. CONCENTRATION OF CREDIT RISK

The Company has a concentration of customers in the oil and gas industry which exposes the Company to a concentration of credit risk within an industry. The Company seeks to obtain advance and progress payments for contract work performed on major contracts. Receivables are generally not collateralized. The Company believes that its allowance for bad debts is adequate.

## 3. CONTRACTS IN PROGRESS

Most contracts allow for progress billings to be made during performance of the work. These billings may be made on a basis different from that used for recognizing revenue. Contracts in progress for which cost and recognized income exceed billings or billings exceed cost and recognized income consist of:

	December 31,	
	1996	1995
Costs incurred on contracts in progress	\$ 67,296	\$ 73,928
Recognized income	8,763	3,359
	<u>76,059</u>	<u>77,287</u>
Progress billings and advance payments	83,518	76,971
	<u>\$ (7,459)</u>	<u>\$ 316</u>
Contract cost and recognized income not yet billed	\$ 3,643	\$ 11,515
Contract billings in excess of cost and recognized income	(11,102)	(11,199)
	<u>\$ (7,459)</u>	<u>\$ 316</u>

## 4. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, at cost, consist of:

	December 31,	
	1996	1995
Construction equipment	\$ 38,475	\$ 33,346
Marine equipment	32,355	23,100
Transportation equipment	16,318	15,208
Land, buildings, furniture and equipment	9,663	8,677
	<u>96,811</u>	<u>80,331</u>
Less accumulated depreciation and amortization	43,366	36,013
	<u>\$ 53,445</u>	<u>\$ 44,318</u>

**5. NOTES PAYABLE**

The Company has unsecured credit facilities with banks in certain countries outside the United States. Borrowings under these lines of \$173, 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 \$8,000 at December 31, 1996.

The Company has notes payable to three former shareholders requiring quarterly payments of \$117 plus interest at the Company's rate for senior debt to be made through April 15, 1999. At December 31, 1996, the current portion of these notes, included in notes payable, is \$467 and the long-term portion, included in other liabilities, is \$700.

**6. LINE OF CREDIT**

At December 31, 1996, the Company had a \$100,000 credit agreement with a bank consortium which provided for revolving loans and letters of credit. There were no borrowings and outstanding letters of credit totaled \$28,735 (of which none were commercial or financial letters of credit) at December 31, 1996, leaving an amount fully available under the line of \$71,265.

The Company has an underwritten commitment for a new five-year \$150,000 credit agreement that may be extended annually for three years with a bank. The new credit agreement, which was entered into subsequent to December 31, 1996, provides for a \$100,000 revolving credit facility, part of which can be used for acquisitions and equity investments. The entire facility, less amounts used under the revolving portion of the facility, may be used for standby and commercial letters of credit. Principal is payable at termination on all revolving loans except qualifying acquisition and equity investment loans which are payable quarterly over the remaining life of the credit agreement. Interest is payable quarterly at prime or other alternative interest rates. A commitment fee is payable quarterly based on an annual rate of 1/4% of the unused portion of the new credit facility. The

Company's obligations under the new credit agreement are secured by the stock of the principal subsidiaries of the Company. The new credit agreement requires the Company to maintain certain financial ratios, restricts the amount of annual dividend payments to the greater of 25¢ per share or 25% of net income and limits the Company's ability to purchase its own stock.

**7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts payable and accrued liabilities consist of:

	December 31,	
	1996	1995
Trade payables	\$ 18,471	\$ 23,826
Payrolls and payroll liabilities	10,793	13,452
Equipment reconditioning and overhaul reserves	3,604	3,737
	<u>\$ 32,868</u>	<u>\$ 41,015</u>

**8. RETIREMENT PLANS**

The Company has defined benefit plans (pension plans) covering substantially all regular employees which are funded by employee and Company contributions. The Company's funding policy is to contribute at least the minimum required by the Employee Retirement Income Security Act of 1974 in accordance with annual actuarial valuations. Benefits under the plans are determined by employee earnings and credited service. Pension expense includes the following components:

	Year Ended December 31,		
	1996	1995	1994
Service cost for benefits earned during the period	\$ 1,136	\$ 915	\$ 1,206
Interest cost on projected benefit obligation	1,725	1,608	1,447
Actual loss (gain) on plan assets	(3,325)	(4,855)	550
Deferred gain (loss) on plan assets	1,301	3,285	(2,169)
Amortization	(2)	-	22
	<u>\$ 835</u>	<u>\$ 953</u>	<u>\$ 1,056</u>

Accrued pension liability includes the following components:

	December 31,		
	1996	1995	1994
Projected benefit obligation over (under) plan assets:			
Projected benefit obligation:			
Vested benefits	\$ 20,963	\$ 20,477	\$ 16,478
Nonvested benefits	383	505	510
Accumulated benefits	<u>21,346</u>	<u>20,982</u>	<u>16,988</u>
Related to future pay increases	<u>4,437</u>	<u>4,180</u>	<u>3,561</u>
	<u>25,783</u>	<u>25,162</u>	<u>20,549</u>
Plan assets at fair value (primarily listed stocks and bonds)	<u>(26,995)</u>	<u>(23,660)</u>	<u>(18,595)</u>
	<u>(1,212)</u>	<u>1,502</u>	<u>1,954</u>
Unrecognized net gain (loss)	2,456	(499)	(1,124)
Unrecognized prior service cost	(228)	(253)	(282)
Transition asset at January 1, 1987	143	172	201
	<u>\$ 1,159</u>	<u>\$ 922</u>	<u>\$ 749</u>

The projected benefit obligation is determined using a weighted average discount rate of 7.5 percent at December 31, 1996, 7.0 percent at December 31, 1995, and 8.0 percent at December 31, 1994. The rate of increase in future pay increases is 6.0 percent and assets are expected to have a long-term rate of return of 8.5 percent. The transition asset is amortized over 15 years.

The Company has a defined contribution plan which is funded by participating employee contributions and the Company. The Company matches employee contributions up to a maximum of 4% of salary in cash or beginning in 1997 up to 5% of salary, if the participant so elects, in WGI common stock. Company contributions for this plan were \$569 in 1996, \$506 in 1995 and \$487 in 1994.

Effective January 1, 1994, the Company established an Executive Benefit Restoration Plan. The Plan partially restores benefits to certain executives whose benefits under the defined benefit pension plans are reduced as a result of limitations imposed by the U.S. Internal Revenue Code. Plan expense is \$325 in 1996, \$303 in 1995, and \$285 in 1994, and

plan liability, included in accounts payable and accrued liabilities, is \$1,061 at December 31, 1996, and \$909 at December 31, 1995. The Company established a trust to fund benefit payments. Contributions of assets to the trust by the Company are irrevocable but are subject to creditor claims under certain conditions. Assets held in trust, included in other assets, are \$974 at December 31, 1996, and \$605 at December 31, 1995.

#### 9. POSTRETIREMENT MEDICAL BENEFITS

Postretirement medical benefit expense is \$589 in 1996, \$690 in 1995 and \$615 in 1994 and includes service cost of \$242 in 1996, \$262 in 1995 and \$269 in 1994 and interest cost of \$347 in 1996, \$405 in 1995 and \$315 in 1994 and amortization of \$23 in 1995 and \$31 in 1994.

Accrued postretirement medical benefit liability includes the following components:

	December 31,	
	1996	1995
Accumulated postretirement benefit obligation:		
Retirees	\$ 1,734	\$ 2,062
Fully eligible active plan participants	528	562
Other active plan participants	2,093	2,326
Accumulated postretirement benefits	<u>4,355</u>	<u>4,950</u>
Unrecognized net gain (loss)	1,027	(70)
	<u>\$ 5,382</u>	<u>\$ 4,880</u>

The non-current portion of the liability, \$5,282 at December 31, 1996, and \$4,717 at December 31, 1995, is included in other liabilities.

The weighted average annual assumed rate of increase in the per capita cost of covered benefits is 8.5 percent for 1996 and is assumed to decrease to 5.5 percent by the year 2006 and to remain at that level. The discount rate used in determining the liability is 7.5 percent at December 31, 1996, 7.0 percent at December 31, 1995, and 8.0 percent at December 31, 1994. Increasing the assumed health care cost trend rates by one percentage point in each year would increase the postretirement medical liability at December 31, 1996, by \$634 and expense for 1996 by \$106.

**10. INCOME TAXES**

The provision (credit) for income taxes represents income taxes arising as a result of operations and credits for revision of previous estimates of income taxes payable in a number of countries. The Company is not subject to income tax in Panama on income earned outside of Panama. All income has been earned outside of Panama; therefore, there is no expected relationship between income (loss) before income taxes and the provision (credit) for income taxes. The effective consolidated tax rate differs from the statutory tax rate in each country because taxable income and operating losses from different countries cannot be offset and tax rates and methods of determining taxes payable are different in each country.

Income (loss) before income taxes and the provision (credit) for income taxes in the Consolidated Statements of Income consist of:

	Year Ended December 31,		
	1996	1995	1994
Income (loss) before income taxes:			
Other countries	\$ 12,888	\$ 16,044	\$ 11,841
United States	(7,832)	(4,178)	(6,175)
	<u>\$ 5,056</u>	<u>\$ 11,866</u>	<u>\$ 5,666</u>
Provision (credit) for income taxes:			
Currently payable:			
Other countries	\$ 3,696	\$ 893	\$ (3,942)
United States:			
Federal	-	-	-
State	(206)	8	3
	<u>3,490</u>	<u>901</u>	<u>(3,939)</u>
Deferred, other countries	(1,158)	(976)	(207)
	<u>\$ 2,332</u>	<u>\$ (75)</u>	<u>\$ (4,146)</u>

The Company has a deferred tax asset in the United States of \$20,329 at December 31, 1996, and \$19,436 at December 31, 1995, relating to United States net operating loss and credit carryforwards and employee benefit expense, and a deferred tax liability of \$1,565 at December 31, 1996, and \$1,485 at December 31, 1995, relating to excess tax depreciation. The net deferred tax asset is reduced to zero by a valuation allowance. The Company has a deferred tax liability in other countries of \$200 at December 31, 1996, and \$1,358 at December 31, 1995, related to temporary differences, principally in contract revenues and expenses.

The Company has \$45,971 in United States net operating loss carryforwards and \$1,379 of United States investment tax credit carryforwards at December 31, 1996. The United States net operating loss carryforwards will expire, unless utilized, beginning in 1997 and ending December 31, 2011. The carryforwards available on an annual basis are limited. The Company has a nonexpiring operating loss carryforward in the United Kingdom of \$29,412 (£17,200) as of December 31, 1996.

**11. STOCK OWNERSHIP PLANS**

During May 1996, the Company established the Willbros Group, Inc. 1996 Stock Plan (the "1996 Plan") with 1,125,000 shares of common stock authorized for issuance to provide for awards to key employees of the Company, and the Willbros Group, Inc. Director Stock Plan (the "Director Plan") with 125,000 shares of common stock authorized for issuance to provide for the grant of stock options to non-employee directors.

Under the 1996 Plan, options vesting 25% at the date of grant (October 1996) and 25% each January 1 thereafter, were granted to purchase 95,000 shares at \$8.67 and 349,000 shares at \$9.125. Under the Director Plan, options to purchase 27,000 shares at \$10.00 were granted at the date of the initial public offering and options to purchase 10,000 shares at \$9.125 were granted in October 1996. At December 31, 1996, the 1996 Plan has 681,000 shares and the Director Plan has 88,000 shares available for grant.

The per share weighted-average fair value of options granted during 1996 under the 1996 Plan is \$2.87 and under the Director Plan is \$2.58, calculated using the Black Scholes option-pricing model (assuming the options have a life of 3 years, the risk-free interest rate at the date of grant is 6.01% and volatility is 35.15%).

No compensation expense for the options granted under the 1996 Plan and the Director Plan is recorded. Had compensation expense for vested options been recorded at December 31, 1996, the Company's net income would have been reduced to \$2,310, and net income per share would have been reduced to \$.06.

Under employee stock ownership plans established in 1992 and 1995, certain key employees were issued options to purchase common stock at a discount from fair value and were allowed to finance up to 90% of the option price with three-year, non-interest bearing recourse notes. Options were issued to purchase 372,000 shares of common stock at \$3.33 per share in 1994 and 195,000 shares (including 42,000 treasury shares) of common stock at \$3.83 per share in 1995. During May 1996, options were issued to purchase 273,000 shares of common stock, all from treasury stock, at \$4.53 per share and 5,192 shares of preferred stock, all from treasury, at \$136 per share. All options were exercised shortly after issuance. The Company had an obligation to purchase, under certain conditions and at a formula price, stock held by retiring or terminating employees, and recorded as compensation expense the change in the redemption value at the end of each period using the maximum formula price. The Company recognized a non-cash compensation expense of \$4,695 for the difference between the maximum redemption value of the shares subject to redemption and the initial public offering price upon the effectiveness of the initial public offering. The maximum redemption amount was classified outside of stockholders' equity in the Consolidated Balance Sheets. The Company's redemption obligation terminated in the fourth quarter of 1996.

## 12. ACQUISITION

Effective May 1, 1994, the Company acquired 100 percent of the shares of Construcciones Acuaticas Mundiales, S.A. ("CAMSA"), a Venezuelan company, from an affiliate of Heerema Holding Construction, Inc. ("Heerema"), a former shareholder of the Company, for \$7,420 cash (including transaction fees) in a transaction accounted for as a purchase. Accordingly, the Company has made allocations of the purchase price among acquired assets and liabilities based on their respective fair values at the date of purchase. The net assets of CAMSA included \$663 of cash. Heerema's residual interest in CAMSA was reduced to its previous carrying value by a deemed dividend. Pro forma net income of the Company, assuming the acquisition occurred at January 1, 1994, is not materially different from historical results for the year ended December 31, 1994.

## 13. SEGMENT INFORMATION

The Company operates in a single industry segment. The main lines of business include construction, engineering and specialty services to the oil and gas industry. Due to a limited number of major projects and clients, the Company may at any one time have a substantial part of its operations dedicated to one project, client and country.

Customers with more than 10% of contract revenue are as follows:

	Year Ended December 31,		
	1996	1995	1994
Customer A	33 %	32 %	29 %
Customer B	16	13	-
	<u>49 %</u>	<u>45 %</u>	<u>29 %</u>

Information about the Company's operations in different geographic areas is shown below:

	Year Ended December 31,		
	1996	1995	1994
Contract revenues:			
Africa	\$ 87,283	\$ 95,972	\$ 68,908
Asia	34,209	29,728	-
C.I.S.	868	1,283	540
Middle East	23,513	21,870	23,469
North America <sup>(1)</sup>	32,918	52,100	48,061
South America	18,897	19,553	4,738
	<u>\$ 197,688</u>	<u>\$ 220,506</u>	<u>\$ 145,716</u>
Operating profit (loss): <sup>(2)</sup>			
Africa	\$ 25,764	\$ 26,021	\$ 22,736
Asia	(8,421)	(1,662)	(582)
C.I.S.	172	548	(797)
Middle East	900	1,175	6,225
North America	(2,680)	(1,280)	(3,898)
South America	5,822	3,855	(2,917)
	<u>\$ 21,557</u>	<u>\$ 28,657</u>	<u>\$ 20,767</u>
Identifiable assets:			
Africa	\$ 54,767	\$ 63,281	\$ 37,211
Asia	9,961	20,498	-
C.I.S.	286	690	174
Middle East	20,781	15,543	13,626
North America	43,385	36,160	67,375
South America	18,285	13,782	12,802
	<u>\$ 147,465</u>	<u>\$ 149,954</u>	<u>\$ 131,188</u>

*(1) Net of inter-geographic area revenues of \$3,052 in 1996, \$4,986 in 1995 and \$2,001 in 1994.*

*(2) Operating profit (loss) is before deducting general corporate expenses of \$15,538 in 1996, \$14,965 in 1995 and \$14,291 in 1994.*

#### 14. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying value of financial instruments does not materially differ from fair value.

#### 15. INITIAL PUBLIC OFFERING

An initial public offering of the Company's common stock was completed in August 1996, with the sale of 5,490,500 shares of common stock, consisting of 525,980 newly issued shares resulting in net proceeds to the Company of \$4,892 before offering costs and 4,964,520 shares sold by a stockholder of the Company for which the Company did not receive any proceeds. Subsequent to the initial public offering, there are 14,385,980 shares of common stock outstanding.

In July 1996, prior to the initial public offering, all 362,000 shares of the \$100 redeemable preferred stock of the Company outstanding were converted into common stock of the Company at a conversion rate of 30 shares of common stock for each share of preferred stock.

#### 16. CONTINGENCIES, COMMITMENTS AND OTHER CIRCUMSTANCES

The Company provides construction, engineering and specialty services to the oil and gas industry. The Company's principal markets are currently Africa, Asia, the Middle East, South America and the United States. Operations outside the United States may be subject to certain risks which ordinarily would not be expected to exist in the United States, including foreign currency fluctuations, expropriation of assets, civil uprisings and riots, instability of government and legal systems of decrees, laws, regulations, interpretations and court decisions which are not always fully developed and which may be retroactively applied. Management is not presently aware of any events of the type described in the countries in which it operates that have not been provided for in the accompanying consolidated financial statements. Based upon the advice of knowledgeable professionals in the various work countries concerning the interpretation of the

laws, practices and customs of the countries in which it operates, management believes the Company has followed the current practices in those countries; however, because of the nature of these potential risks, there can be no assurance that the Company may not be adversely affected by them in the future. The Company insures substantially all of its equipment in countries outside the United States against certain political risks and terrorism.

The Company has the usual liability of contractors for the completion of contracts and the warranty of its work. Where work is performed through a joint venture, the Company also has possible liability for the contract completion and warranty responsibilities of its joint venturers. Management is not aware of any material exposure related thereto which has not been provided for in the accompanying consolidated financial statements.

Certain post contract completion audits and reviews are being conducted by clients and/or government entities. While there can be no assurance that claims will not be received as a result of such audits and reviews, management does not believe a legitimate basis for any material claims exists. At the present time it is not possible for management to estimate the likelihood of such claims being asserted or, if asserted, the amount or nature thereof.

The Company has certain operating leases for office and camp facilities. Rental expense, excluding daily rentals and reimbursable rentals under cost plus contracts, was \$2,112 in 1996, \$1,896 in 1995 and \$1,876 in 1994. Minimum lease commitments under operating leases as of December 31, 1996, total \$11,309 and are payable as follows: 1997, \$2,291; 1998, \$1,886; 1999, \$1,648; 2000, \$1,474; 2001, \$1,514; later years, \$2,496.

**17. QUARTERLY FINANCIAL DATA (UNAUDITED)**

Selected unaudited quarterly financial data for the years ended December 31, 1996, and 1995 consist of:

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
December 31, 1996:					
Revenue	\$ 53,479	\$ 48,977	\$ 47,407	\$ 47,825	\$197,688
Operating income (loss)	2,387	2,308	(1,499)	2,823	6,019
Compensation from changes in redemption value included in operating income	142	1,285	4,695	—	6,122
Income (loss) before income taxes	2,327	2,277	(2,486)	2,938	5,056
Net income (loss)	2,044	1,386	(2,841)	2,135	2,724
Net income (loss) per share	.09	.05	(.20)	.15	.09
December 31, 1995:					
Revenue	\$ 36,001	\$ 39,121	\$ 56,962	\$ 88,422	\$220,506
Operating income	525	374	2,389	10,404	13,692
Compensation from changes in redemption value included in operating income	—	54	302	1,744	2,100
Income before income taxes	566	311	2,937	8,052	11,866
Net income	117	9	2,155	9,660	11,941
Net income per share	.01	—	.15	.68	.84

Operating income (loss) in the above information includes the quarterly charges for compensation expense for the change in redemption value of shares subject to redemption prior to the initial public offering.

Revenue for the fourth quarter of 1995 included \$22,898 in Asia, primarily for the initial purchase of linepipe for a project.

Operating income in the fourth quarter of 1995 included recognition of cost recoveries related to previous year's contracts in Africa amounting to \$7,753. Operating income in the fourth quarter of 1996 included cost overruns on a project in Pakistan but did not include related cost recoveries which had not been realized.

**ANNUAL STOCKHOLDERS' MEETING**

The annual stockholders' meeting will be held at 9:00 a.m., local time, on Friday, May 2, 1997, at the Inter-Continental Hotel, Miramar Plaza, Balboa Avenue, Panama City, Panama.

**INVESTOR INFORMATION**

A copy of the Company's Annual Report to the Securities and Exchange Commission (Form 10-K) is available upon written request to Investor Relations, c/o Willbros USA, Inc., 2431 East 61st Street, Suite 700, Tulsa, Oklahoma, 74136-1267.

**STOCK TRANSFER AGENT AND REGISTRAR**

ChaseMellon Shareholder Services  
85 Challenger Road, Overpeck Centre  
Ridgefield Park, New Jersey 07660  
Toll Free: 1-800-635-9270  
Internet address: <http://www.cmsonline.com>

**INDEPENDENT AUDITORS**

KPMG Peat Marwick, Panama City, Panama

**CORPORATE OFFICES**

HEADQUARTERS OFFICE:	ADMINISTRATIVE OFFICE:
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Calle 50 y 55 Este, Apartado 850048	2431 East 61st Street, Suite 700
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**INVESTOR RELATIONS CONTACT**

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Direct: (918) 748-7714  
Internet address: [brian\\_heagler@willbros.com](mailto:brian_heagler@willbros.com)

**COMMON STOCK INFORMATION AND DIVIDEND POLICY**

The Company's common stock commenced trading on August 15, 1996, on the New York Stock Exchange under the symbol WG. As of December 31, 1996, there were 212 stockholders of record. The table below sets forth the common stock trading price for the subsequent quarterly periods.

1996	High	Low
Third Quarter	\$11-7/8	\$9-5/8
Fourth Quarter	\$11	\$9

The Company does not presently pay a common stock dividend and intends to retain its earnings to fund the development and future growth of the business.





**WILLBROS GROUP, INC.**

**CORPORATE OFFICES**

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