

FOCUSED FUTURE

s o l i d p a s t

2000 • annual report



W I L L B R O S G R O U P , I N C .

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. Tracing its roots to 1908, Willbros has served more than 400 industry and government customers in 55 countries, and is listed on the New York Stock Exchange under the symbol WG.

Construction Services Include:

- Onshore, Shallow Water and Marsh Pipelines
- Gathering Systems
- Flow Stations
- Pump Stations
- Gas Compressor Stations
- Gas Processing Facilities
- Oil and Gas Production Facilities
- Maintenance
- Piers
- Dock Facilities and Bridges

Engineering Services Include:

- Feasibility Studies
- Conceptual and Detailed Design
- Field Services
- Material Procurement
- Overall Project Management

Specialty Services Include:

- Dredging
- Pipe Coating
- Pipe Double Jointing
- Flowline Removal and Installation
- Pile and Platform Installation
- Pipeline, Station and Facility Maintenance and Repair
- Pipeline Rehabilitation
- General Oilfield Services
- Crane Services and Oilfield Equipment, Rig and Vessel Transportation
- Facility Operations



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Dear Fellow Shareholder:

In many ways, the year 2000 was one of the most important in the Company's 92-year history. Management initiated and carried out numerous changes responding to a more competitive environment and positioning the Company to take full advantage of a market that we believe is improving day by day. In doing so, we focused on aligning ourselves for a future that we believe can be very exciting for us.

Before explaining the various changes we have effected, however, we must acknowledge that, if we are to be judged solely by financial performance, 2000 was a very difficult and poor year. We reported a net loss of \$15.6 million on revenues of \$314.3 million. Most of the loss was incurred on the Australian gas pipeline project, which was performed in a joint venture with two Australian construction companies. The balance of the loss resulted from charges incurred in connection with the move of Willbros USA, Inc. administrative headquarters from Tulsa, Oklahoma to Houston, Texas and the costs of downsizing our general and administrative staff. The Australia project is now complete, and we and our partners are in discussion with our client to settle the financial aspects of the job. The move by our administrative staff is also complete and the Houston office is fully operational.

As we said, 2000 was a year of significant change for Willbros. While often resisted and dreaded, change is necessary if companies are to survive and thrive. In our case, we had become inefficient and expensive. Whereas we had been known for many decades as "The Pipeliners," we saw that leadership role beginning to fade somewhat. Recognizing that, and determined to be considered once again by the pipeline industry as the premier contractor, we focused our energy on the following areas:

BOLSTERED OUR LEADERSHIP

In 2000, we enhanced the quality of our executive management team. Michael Curran became our President and Chief Operating Officer. We recruited and added John Allcorn (39) as Senior Vice

President of Operations; Warren Williams (45) as Vice President, Finance and Accounting; Doug Collins (39) as Corporate Controller; and Brad Sitton (37) joined the Company in 2001 and was named Vice President, Projects. In addition, B. L. Smith (64) and Alan Simpson (45) were promoted internally to Vice Presidents. Curt Simkin (45) was named Vice President of Willbros Engineers. All these individuals are experienced, respected by their peers and recognized for their accomplishments.

MOVED TO THE CENTER OF ACTIVITY

The move of Willbros USA, Inc. administrative headquarters to Houston was a major step, since the company traces its roots to Tulsa. Houston, however, is the acknowledged energy capital of the world, and our presence here brings us closer to our customers and gives us access to a large pool of experienced and seasoned energy personnel. The move also enabled us to introduce new systems and staff to optimize our administrative activities.

CLOSED OR REDUCED UNNECESSARY FACILITIES

Concurrent with the move to Houston, Willbros examined the need for work country offices and presence in declining markets, and elected to substantially downsize our facilities and staff in London, England; Jakarta, Indonesia and Cairo, Egypt. Willbros continues to monitor the regions covered by these offices and directs resources as business opportunities dictate.

CONCLUDED A KEY ACQUISITION

In January 2000, we acquired Rogers & Phillips, Inc., known in the industry as a strong pipeline contractor in the U.S. with broad construction experience and an excellent management team. The acquisition allows our Company to strengthen our U.S. presence and enhance our capabilities.

REDUCED G & A COST STRUCTURE

Willbros USA, Inc. general and administrative expense, which had grown disproportionately large

for our level of business, was reduced through the optimization of systems, outsourcing, and reducing the number of personnel. While a few support functions have remained in Tulsa, corporate general and administrative personnel of Willbros USA, Inc. have been reduced by nearly half. Variable overheads associated with work country and project activity have increased with the Rogers & Phillips acquisition, but continue to decline as a percentage of revenue.

UPGRADED WORKFORCE

The recent downturn in our industry has had the beneficial effect of making Willbros a more competitive company and a more attractive employer. We have been fortunate in acquiring new skilled talent with experience in our industry. Consistent with our belief that our people are our only sustainable competitive advantage, we are committed to "high grading" our personnel ranks to complement our management and project teams.

With these major steps taken and the year 2000 behind us, we now look eagerly to the future. Although it has taken considerable time for the capital spending of our clients to commence and percolate through the system to our sector, that is now beginning to occur and all signs point to a lengthy period of robust spending, as a result of strong prices for oil and gas. Our backlog is a record \$373.9 million as we begin 2001 and distributed nicely. Some of the more significant contracts in our current backlog are:

Nembe Creek – This unique Nigerian gas gathering and compression facility for Shell exemplifies Willbros' total solutions capability and is scheduled for a timely completion in April 2001.

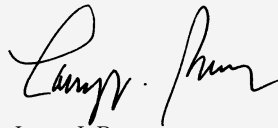
Chad-Cameroon Pipeline – This extensive 1,070 km (665-mile), 30-inch diameter crude oil pipeline from the Doba Fields in Chad to the coast of Cameroon in Africa for ExxonMobil, Chevron and Petronas will be constructed in a joint venture with Spie-Capag (Jersey) Ltd.

Centennial Pipeline – This U.S. project for Marathon Ashland Petroleum, Panhandle Eastern Pipe Line Company (a subsidiary of CMS Energy Corporation) and TE Products Pipeline Company, includes the construction of a new 119 km (74-mile), 24-inch diameter pipeline and the conversion of a 1,159 km (720-mile), 26-inch pipeline to transport refined products. The project couples the efforts of Willbros Engineers and Rogers & Phillips.

Although the past year was difficult for Willbros, it also strengthened our resolve to parlay our solid history into a company of the future. We are confident that the changes we made in 2000 will bear fruit in 2001 and beyond. We will continue to focus on opportunities to grow while enhancing your share value.

We thank our customers for the long-standing trust and lasting relationships we have forged together throughout our history. We applaud our employees for positively responding to our recent changes and their enthusiasm in embracing our future direction. Lastly, we appreciate you, our shareholders, for your support.

Respectfully,



Larry J. Bump
Chairman of the Board
Chief Executive Officer
Willbros Group, Inc.



Michael F. Curran
Vice Chairman of the Board
President
Chief Operating Officer
Willbros Group, Inc.

March 15, 2001



Michael F. Curran (standing)

Larry J. Bump (seated)

FINANCIAL HIGHLIGHTS

(Dollar amount in thousands, except per share data)

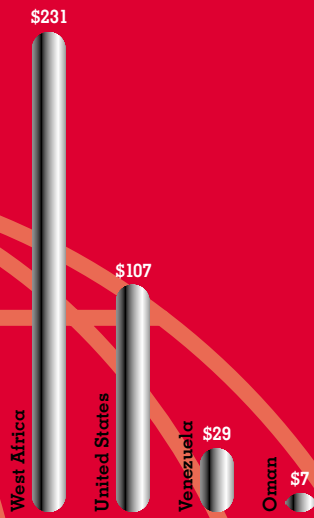
	2000	1999	1998	1997	1996
Year Ended December 31					
Contract revenue	\$ 314,290	\$ 176,564	\$ 281,618	\$ 251,877	\$ 197,688
Operating income (loss)	(5,305)	(17,795)	3,323	21,388	6,019
Net income (loss)	(15,592)	(20,018)	(4,362)	14,116	2,724
Earnings (loss) per share (1):					
Basic	(1.11)	(1.54)	(.30)	.97	.09
Diluted	(1.11)	(1.54)	(.30)	.96	.09
Capital expenditures	15,351	12,245	36,112	47,272	24,957
At December 31					
Working capital	32,944	25,801	13,495	39,563	36,723
Total assets	175,447	153,153	159,939	201,202	147,465
Stockholders' equity	71,746	80,427	106,934	118,986	92,386
Backlog (at period end)	373,947	253,080	286,473	135,797	108,751

(1) Earnings per share for the year ended December 31, 1996 is calculated after deducting \$1,448 (\$.10 per share) of dividends on the Company's Preferred Stock.

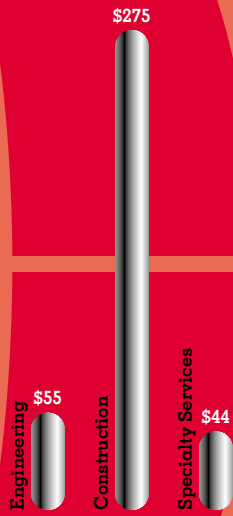
Forward-Looking Statements

This Annual Report includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements, other than statements of historical facts, included in this Annual Report which address activities, events or developments which the Company expects or anticipates will or may occur in the future, including such things as future capital expenditures (including the amount and nature thereof), oil, gas and power prices and demand, expansion and other development trends of the oil, gas and power industries, business strategy, expansion and growth of the Company's business and operations, and other such matters are forward-looking statements. These statements are based on certain assumptions and analyses made by the Company in light of its experience and its perception of historical trends, current conditions and expected future developments as well as other factors it believes are appropriate in the circumstances. However, whether actual results and developments will conform with the Company's expectations and predictions is subject to a number of risks and uncertainties which could cause actual results to differ materially from the Company's expectations

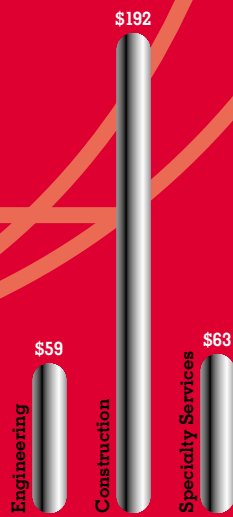
including the timely award of one or more projects; cancellation of projects; weather; exceeding project cost and scheduled targets; failing to realize cost recoveries from projects completed or in progress within a reasonable period after completion of the relevant project; identifying and acquiring suitable acquisition targets on reasonable terms; obtaining adequate financing; the demand for energy diminishing; political circumstances impeding the progress of work; general economic, market or business conditions; changes in laws or regulations; the risk factors listed from time to time in the Company's filings with the Securities and Exchange Commission; and other factors, most of which are beyond the control of the Company. Consequently, all of the forward-looking statements made in this Annual Report are qualified by these cautionary statements and there can be no assurance that the actual results or developments anticipated by the Company will be realized or, even if substantially realized, that they will have the expected consequences or effects on the Company or its business or operations. The Company assumes no obligation to update publicly any such forward-looking statements, whether as a result of new information, future events or otherwise.



2000 BACKLOG
(in millions of dollars)



2000 BACKLOG
(in millions of dollars)



2000 REVENUES
(in millions of dollars)





YEAR IN REVIEW

For Willbros, the millennium year was one of reevaluation and decision making that drew on our solid past performance, yet initiated changes that were focused on shaping our future. The year 2000 produced a synergistic acquisition and a strategic relocation that are indicative of our future direction. It was a year tarnished by poor fiscal results from a single project, yet bolstered by positive results from our engineering component, engineering, procurement and construction (EPC) activities and other significant global work. As our core natural gas pipeline business prospered, we gained a momentum in 2000 that we feel is the beginning of a multi-year upswing in worldwide activity. Our decisions and actions during the year should help us maximize our possibilities for success in the years to come.

The industry rebounds

The outlook for our segment of the energy services sector continues to improve. Estimates of E&P company 2001 capital expenditures, by Goldman Sachs, Lehman Brothers and others, are increasing in the range of 20% over year 2000 expenditures. Our client companies are reporting strong earnings and cash flow as a result of high oil and gas prices. West Texas Intermediate oil was over \$30 per barrel and U.S. natural gas prices were above \$6 per million BTU in late February, 2001. The market drivers are favorable, and increases in capital spending on major projects that will benefit Willbros' business are now starting to occur.

Rogers & Phillips provides growth capability

In January 2000, Willbros acquired Houston-based Rogers & Phillips, Inc. (RPI). The company, founded in 1992, provides a full range of pipeline construction services to the U.S. Gulf Coast region with recent expansion into other regions. Its competence extends from compressor station and urban pipelines to cross-country pipeline construction. With the acquisition, Willbros adds considerable value and synergy to its United States

capabilities. The acquisition allows the Company to further its strategy of offering high quality, competitively priced services to the oil and gas industry.

The management team of Rogers & Phillips, headed by president Bill Phillips, is energetic and aggressive, and has vast experience in the pipeline construction arena. In its brief history the company is known for quality work and reliability.

RPI provides the Company with another competitive construction services component allowing Willbros to expand and offer what few other companies can – a complete EPC capability, all facets of which are owned by a single entity.

Restructuring and relocation prepares us for the future

Recognizing Houston as the energy capital of the world, in August 2000, the Company relocated Willbros USA, Inc. administrative headquarters from Tulsa, Oklahoma, where the Company originated 92 years ago, to Houston, Texas. The move brings the Company closer to its customers and allows it to draw on the significant pool of industry talent that resides in Houston. The move also provided an opportunity to focus on high grading and right sizing the Company's management and support staff, and upgrading its business systems.

The Company underwent a complete critical examination of its strengths and weaknesses. The results helped us to evaluate our approach and to make changes that improved efficiency. Administrative personnel headcount was reduced by approximately 50 percent and G & A costs were lowered to meet the demands of our new business plan. The Company filled strategic

positions with managers who brought renewed energy, technical expertise, and complementary experience to the task.



The Rogers & Phillips management team combines decades of solid industry experience with energy and initiative.

The year's projects were diverse

Projects carried out during 2000, including multi-year projects, demonstrated our focus on project execution. The Company utilized its diverse capabilities, gained from almost a century of operating experience, to perform



over \$300 million in services. The more notable projects included:

Nigeria – Nembe Creek – The two Nembe Creek projects in Nigeria established a major gas gathering system and compression facilities for Shell Petroleum Development Corporation. Willbros began the initial EPC project for the gas gathering lines in 1998. The barge-mounted compression facilities EPC project was added in 1999, with the major portion of the work completed in 2000. These EPC projects were significant not only for their size but also for the logistics and ingenuity required to perform and complete the work. All pipelines and facilities are located in a remote and predominantly swamp area of the Niger Delta region, accessible solely by helicopter or boat. The projects drew on Willbros' field experience for swamp pipeline construction, compressor station engineering, and construction of compression barges. The extensive scope of these projects is representative of the total solution packages

FOCUS ON PROJECTS

YEAR IN REVIEW *continued*

desired by our customers and provided by Willbros. The project included components of the pipeline engineering performed in Nigeria, further expanding the Company's EPC capability. The project is scheduled for timely completion in the second quarter of 2001.

Nigeria – Atlas Cove – During 2000, Willbros West Africa completed an EPC contract to install a single point mooring buoy and a 3 km (two-mile), 20-inch offshore products pipeline to a terminal near the city of Lagos, utilizing the Willbros 318 combination derrick/lay barge.

Chad-Cameroon – In September, Willbros was awarded an EPC contract for a 1,070 km (665-mile), 30-inch diameter pipeline to transport oil from the



Doba basin in southern Chad to an export terminal in Cameroon. Willbros will lead this milestone project, the largest pipeline project in sub-Saharan

Africa, in a joint venture with Spie-Capag (Jersey) Ltd. Construction for the project will commence in the third quarter of 2001 following Willbros' completion of detailed engineering.

Oman – The Oman Construction Company, LLC participated in the inaugural ceremonies for



the Oman LNG plant and is currently in the first year of a five-year maintenance services contract.

Australia – In 2000, Willbros completed the 792 km (492-mile), 18-inch natural gas pipeline along the southeastern coast of Australia. The project, performed in a joint venture with two local construction companies, was the Company's first project in Australia. The project was negatively impacted by weather, subcontractor delays and labor difficulties. The pipeline provides gas to fuel the new power generation facilities required for the Olympic Games held in Sydney in September 2000. The project was a financial disappointment and in 2000 Willbros recognized a \$14.5 million loss associated with the project.

Venezuela – Willbros, through its wholly-owned subsidiary Constructora CAMSA, C.A. (CAMSA), is a member of the SIMCO consortium. The consortium is in its second year of operation of a 16-year Build-Own-Operate-Transfer contract with the Venezuelan national oil company PDVSA. CAMSA provides construction and maintenance services



for this water-flood project in Lake Maracaibo.

CAMSA, during the year 2000, continued with the construction of five water injection platforms begun during 1999 and began two additional platforms in 2000 as part of the agreement. Willbros has a 10 percent equity investment in the consortium.



FOCUS ON DIVERSITY

Engineering Company prospers

Willbros Engineers, Inc. (WEI) generated greater revenues and increased operating profits.



This superior performance was a result of its successful strategy to expand its role as prime contractor on EPC contracts as well as

take advantage of its recognized skills in project management of complex pipeline and facilities projects. WEI continued to hold its position as the premier natural gas pipeline engineering company and added new customers in the power generation sector as well as supporting the Nembe Creek projects

with engineering and procurement services.

The award of an EPC contract for the construction of the Centennial pipeline is an example of how WEI's involvement in the front-end engineering and planning for a project can lead to a major EPC contract award.

During 2000, the engineering company was awarded a U.S. government contract to build, own and operate a fueling facility at the Twentynine Palms, California, Marine Corps Base. It was the second such project in as many years. WEI also provided project management, engineering, survey, and right-of-way services for the Gulfstream Natural Gas System. This 1,198 km (753-mile),



36-inch system will extend from Alabama across Mobile Bay and the Gulf of Mexico to the east coast of Florida. The \$1.6 billion system is designed primarily to serve Florida utilities and power generation facilities.

Engineering services for the multi-year Guardian Pipeline project also continued during all of 2000. The 227 km (141-mile), 36-inch line will run from the Chicago area, north into Wisconsin. WEI will continue with the project, performing

detailed engineering during 2001.

WEI continued its successful entry into the market for independent power generation, where it has positioned itself as a turnkey provider of fuel gas and water pipelines. An example of this type of work is the Trans-Union Interstate Pipeline project, a 68 km (42-mile),

30-inch line intended to transport gas from Claiborne Parish, Louisiana to a new power plant under construction near El Dorado, Arkansas.



WEI, the prime contractor, and Rogers & Phillips, will perform the EPC project scheduled for completion in the third quarter of 2001.

Over 75% of the revenues generated by WEI in 2000 were from projects in which they were selected as a sole source provider, an indication of the value placed on their services by our customers.



FOCUS ON THE FUTURE

Fundamentals for the oil services sector continue to improve. With high cash flow from recent strong commodity prices, energy companies have built cash reserves, which will allow them to invest in new capacity for production and delivery. Estimates indicate CAPEX budgets for E&P companies will grow almost 20 percent for 2001 to \$103 billion worldwide, following a 15 percent growth in 2000. While oil prices have moderated, OPEC has signaled its intent to manage production quotas to preclude an oil price collapse such as occurred in 1998. Natural gas prices, particularly in North America, have risen dramatically in response to perceived deliverability problems and fuel demand for gas turbine power generation. Natural gas inventories are 14 percent below the prior five-year average and these low storage levels have contributed to higher prices. Natural gas is clearly the preferred fuel for power generation due to its environmental acceptability. Long-term projections indicate that demand for natural gas in the United States will continue to grow vigorously to an estimated 30 tcf/day consumption by 2010. Estimates are that \$2 – 2.5 billion annually in capital expenditures will be required to meet this anticipated demand. Based on these factors and recognizing that Willbros is a player in the later segment of the oil services cycle, we strongly believe our markets will continue to improve, first in North America, and then internationally. The high level of activity at our engineering company, Willbros Engineers, Inc., attests to the improving North American market.

Solid presence will add potential

Willbros has established a global presence during its long history that has involved project participation in more than 55 countries. Worldwide recognition for performance undoubtedly positions Willbros well for consideration on new projects.

Nigeria, for example, with its aggressive plan to reduce gas flaring, has embarked on multiple projects that have involved Willbros. The country's reliance on oil and gas revenues should provide

FOCUS ON GROWTH

market initiative for further resource development and provide future activity for Willbros. The Company has an established 38-year presence in Nigeria, offering broad EPC capability as well as specialty services. Our base operation in Nigeria positions us well for expanded participation in the burgeoning market of the entire West Africa region. We continue to explore alliance and joint venture relationships in anticipation of more involvement with support services in this facet of the market.

The presence of Willbros in Chad and Cameroon has just begun with the commencement of this very visible pipeline project. Willbros' performance of this project should have a positive impact on our ability to bid on, and win, future projects in that region.

Latin America represents a significant potential for Willbros, based upon our extended presence there. While activity in Venezuela has been somewhat reduced, the country's enormous reserves of oil and gas dictate that there will be continued demand for the services we offer. In Ecuador, the potential for gathering and processing projects in the Oriente Basin is greatly expanded by the commitment of the producers to build the new OCP export pipeline. Willbros is well recognized in Ecuador as the constructor of the original Trans-Ecuadorian export pipeline. Our reputation as a provider of quality and timely services was even more enhanced by our performance in the



repair of earthquake damage to the export pipelines in the recent past.

Willbros has recently been involved in preliminary studies in Bolivia with Transredes, the gas transmission company jointly owned by Enron, Shell and a Bolivian financial institution. Through an alliance with a local and competitive contractor, we believe that this country is a viable market for us; one that we will continue to actively pursue. We will also refocus efforts on Brazil, the largest energy consumer in Latin America. Brazil has undertaken initiatives to open its energy markets to both international and private capital and is rapidly moving toward a gas-driven economy. Willbros has previous experience in Brazil and that, coupled with our extensive engineering and construction experience with natural gas transmission pipelines, makes this an appealing market opportunity.

Our experience in the Middle East dates back to the 1940's, and we have operated in Oman for more than 35 years. We have provided valuable services to the exploration, production and pipeline activities in that country. Maintenance, transport, and service contracts have provided a foundation for our long-term presence, and could

serve as a model for future opportunities in the region. Natural gas activities in the Middle East are expanding to reflect the growing role of natural gas in the monetization of the region's hydrocarbons. Our history and experience in Oman, including our current maintenance contract for Oman LNG, will enhance

our efforts to participate in other Middle East markets, which are reopening to the international E&P community and the private sector.



FOCUS ON THE FUTURE *continued***Focused on Saudi Arabia**

The Kingdom of Saudi Arabia remains a force in the world's energy industry, with vast reserves of oil and gas. The Kingdom, as with most of the world, has recognized the potential for gas as an environmentally friendly and efficient fuel source and is involved in planning for the development of large gas fields and massive infrastructure improvements. For Willbros, the Kingdom represents a region of new opportunity where we have enjoyed past success. Our engineering operation, with its experience in large natural gas pipeline projects, makes us a natural contender for the significant projects planned for this country.

**EPC Capability Spotlighted**

The Company's strategy to extend our in-house EPC capability is advancing as awards were made for EPC contracts led by WEI. A notable award is the Centennial Pipeline project. The scope of this project includes project management, engineering, procurement, field services and construction of a 119 km (74-mile), 24-inch liquids transport pipeline between Beaumont, Texas and Longville, Louisiana for partners Marathon Ashland Petroleum, Panhandle Eastern Pipeline and TE Products Pipeline Company. This award followed the preliminary engineering phase performed by WEI during 2000. This unique project also involves the conversion of an existing 1,159 km (720-mile), 26-inch gas pipeline extending from Longville, Louisiana to Bourbon, Illinois. The line will be converted to transport refined products and will link Gulf Coast refining capability with Midwest product demand. Another example is the recent award of an Arizona pipeline project involving 31 km (19 miles) of 30-inch line. These

projects coupled WEI with RPI on an EPC contract basis that benefits the client and provides more business for Willbros. The



combined efforts of WEI and RPI have added to the change in focus on projects relative to this market and play an important part in pursuit of new business in North America. This expansion of capability has played a role in the increase of our revenues in the United States to 30% of our total revenues in 2000. Studies

proposed to examine the export of Alaskan natural gas to the lower 48 states, and increased pipeline activity within and across Canada also make this region appealing. Willbros, as a complete EPC firm, provides opportunities for our clients to obtain better project control, cost containment, higher quality and timely completion.

Incorporating technology innovations

As a global solutions provider with interests in maximizing efficiency for our clients, we have continually sought to adopt leading-edge technologies. We have embraced the internet as a vehicle for facilitating the transference of total project information on a restricted basis. Willbros utilizes the internet to supply schedules, drawings, reports and other pertinent data to our work country subcontractors, clients and project managers. This utility promotes both time and financial savings with the flow of current information available to all project personnel.

Formal technology alliances, as established with firms such as M. J. Harden Associates, Inc.

on the Centennial Pipeline Project, allow the integrated use of state-of-the art global positioning surveys (GPS), geographic information systems (GIS) and other similar tools to provide project management with the most current and accurate information. The end result is a benefit to our clients in the form of maximized cost savings and reduced project schedules.

New potential expands

Willbros Engineers, Inc. has demonstrated success in expanding its markets as an EPC contractor to the Power Industry by providing gas and water pipelines to the merchant power plant market. As global energy demand continues to increase, so does the potential for growth in the creation of independent power production. It is estimated that power generation will account for 60% of the projected growth in U.S. natural gas demand. With merchant power plants accounting for a significant portion, this should provide a dynamic new pipeline construction market. Willbros' ten year history of managing and constructing pipelines in this market positions it well to be a significant participant as this industry flourishes.

WEI, having established itself in fueling operations for the U.S. military, is looking forward to the opportunity to bid on additional projects as the military moves towards increased privatization of the installation, maintenance and operation of these facilities.



Much of Willbros Engineers' success can be attributed to the diverse talents and skills of its management group.

Going Forward

Due to the large international component of Willbros' business activities and the global aspects of the energy sector, uncertainty, to some extent, will continue to be a factor in our work countries and targeted markets. However, in response to increasing globalization, local and international efforts to stabilize both governments and markets are proceeding at a pace unprecedented in history. In the United States, the transition to a new administration and the heightened awareness of the importance of local energy markets should be favorable for the sectors served by Willbros. The return of capital from the technology sector to the "old economy" should also have a positive effect on our markets. Our traditional customers in the energy sector are prospering and have the funds to move new projects and developments ahead. New customers in the emerging power generation industry recognize Willbros as a valuable contributor to their projects. We are encouraged by the prospects of continued global demand for oil and gas. Taken together, these circumstances represent a positive evolution in our market sectors. We will continue to strive to meet the

high standards we have established during our 92-year history, and look to future opportunities with confidence and enthusiasm.

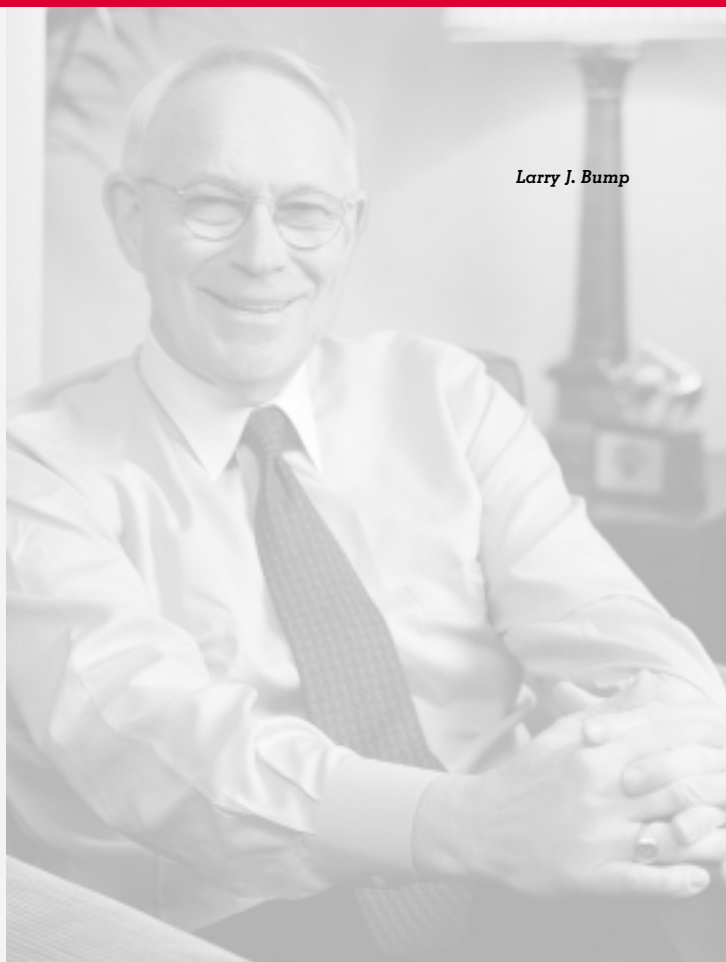
A VISIT WITH MANAGEMENT

With the award of the Chad-Cameroon project, will the project's mobilizations impact Willbros and its pool of human resources?

With a project the magnitude of Chad-Cameroon, the planning is extensive. We have been anticipating the award of this project for some time and have carefully planned our mobilization and manpower requirements to the extent that it shouldn't impact our other projects at all. We feel that it is an excellent project for us, and one that will have a good return potential. Because of the scale of the project, and because of our years of experience with challenging projects like this, we have devoted the necessary time up-front to plan it in a way that we feel very comfortable in its execution.

Do you see a strong demand for Willbros' services in the next 2-3 years and, if so, when will it start to occur?

I believe demand for our pipeline engineering and construction services will be very strong for the next several years, and I think the increase has already begun. Although we have a record backlog at this time, we are only now in the beginning phase of what should be a strong up-cycle. Our client base has had record earnings and cash flow for the past few quarters and oil and gas prices are still robust. We have only recently seen investment and spending pick up in our sector of the oil services business, so we are



Larry J. Bump

very optimistic about our prospects. The likelihood of a project such as an export pipeline for Alaskan and Canadian Arctic gas causes me to believe our future is bright.

Have you considered operations and maintenance (O&M) contracts as part of your business strategy?

We currently have O&M contracts in Oman, and have had O&M contracts over the years in other work countries. If some form of the new pipeline safety bill, pending in the U.S. Congress, becomes law it should provide increased opportunities for Willbros, in providing pipeline maintenance, repair and renovation services. In the U.S., Rogers & Phillips is experienced, well positioned and is particularly equipped for this type of work and currently has call-out contracts with certain gas transmission companies. Under these agreements, they have the capability and do provide a host

of steady repair and pipeline renovation services as an outsource to the operating companies. This is another example of how the synergy of our businesses can provide bundled solutions to the industry.

The Rogers & Phillips acquisition seems to be well integrated and successful. Will the company continue to pursue this method of growth?

We have been extremely pleased with the Rogers & Phillips acquisition and how easily we have been able to integrate them into our EPC business. This method of growth has immediate impact on our bottom line and also expands our capability. We will continue to explore this business model as a platform for growth.

What about alliances? Are those something you intend to pursue as well?

We have been pursuing and entering into alliances consistently as the opportunities arise. In addition to the Chad-Cameroon undertaking with Spie-Capag, we have an alliance with a reputable local provider in Bolivia, another in



Ecuador and have similar alliances in other countries as well. Because of long-standing relationships in their respective countries, these partners are well established

and knowledgeable, allowing us to combine our strengths and offer the best solution for the client. These relationships are often advantageous in bidding and providing local workforce and content on international projects. Also, securing these local arrangements is perhaps easier for Willbros than for others. With our worldwide reputation and longevity in the business, we are sought after as a business partner and are able to ally with the more substantial firms within the prospective work country.



Michael F. Curran

SELECTED CONSOLIDATED FINANCIAL AND OTHER DATA*(Dollar amount in thousands, except per share data)*

	Year Ended December 31,				
	2000 (4)	1999	1998	1997	1996
Statement of Operations Data:					
Contract revenue	\$ 314,290	\$ 176,564	\$ 281,618	\$ 251,877	\$ 197,688
Operating expenses:					
Contract cost	266,969	145,498	220,360	182,435	145,812
Depreciation and amortization	22,408	21,313	25,552	18,936	13,932
General and administrative	30,218	27,548	32,383	29,118	25,803
Compensation from changes in redemption value of common stock (1)	-	-	-	-	6,122
Operating income (loss)	(5,305)	(17,795)	3,323	21,388	6,019
Net interest income (expense)	(1,865)	587	(484)	304	(215)
Minority interest	(2,449)	(1,541)	(1,132)	(1,911)	(2,220)
Other income (expense)	(716)	2,031	(1,502)	58	1,472
Income (loss) before income taxes	(10,335)	(16,718)	205	19,839	5,056
Provision for income taxes	5,257	3,300	4,567	5,723	2,332
Net income (loss)	<u>\$ (15,592)</u>	<u>\$ (20,018)</u>	<u>\$ (4,362)</u>	<u>\$ 14,116</u>	<u>\$ 2,724</u>
Net income (loss) per share (2):					
Basic	\$ (1.11)	\$ (1.54)	\$ (.30)	\$.97	\$.09
Diluted	\$ (1.11)	\$ (1.54)	\$ (.30)	\$.96	\$.09
Cash Flow Data:					
Cash provided by (used in):					
Operating activities	\$ 3,040	\$ (14,041)	\$ 15,199	\$ 45,788	\$ 29,961
Investing activities	(10,035)	4,866	(34,684)	(46,386)	(24,072)
Financing activities	11,128	8,734	(15,506)	19,718	(1,630)
Other Data:					
EBITDA (3)	\$ 13,938	\$ 4,008	\$ 26,241	\$ 38,471	\$ 19,203
Capital expenditures	\$ 15,351	\$ 12,245	\$ 36,112	\$ 47,272	\$ 24,957
Backlog (at period end)	\$ 373,947	\$ 253,080	\$ 286,473	\$ 135,797	\$ 108,751
Number of employees (at period end)	2,194	2,030	2,280	4,230	3,700
Cash dividends per common share	-	-	-	-	-
Balance Sheet Data (at period end):					
Cash and cash equivalents	\$ 11,939	\$ 7,806	\$ 8,247	\$ 43,238	\$ 24,118
Working capital	32,944	25,801	13,495	39,563	36,723
Total assets	175,447	153,153	159,939	201,202	147,465
Total debt	26,298	15,981	758	8,574	1,340
Stockholders' equity	71,746	80,427	106,934	118,986	92,386

- (1) 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. In addition, in the third quarter of 1996, the Company recognized 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 of the Company's common stock. The Company's stock redemption obligations terminated in the fourth quarter of 1996.
- (2) Net income (loss) per share for the year ended December 31, 1996 is calculated after deducting \$1,448 (\$.10 per share) of dividends on the Company's Preferred Stock.
- (3) EBITDA represents earnings before net interest, income

taxes, depreciation and amortization. Non-cash compensation expenses have not been added back in calculating EBITDA. 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 generally accepted accounting principles. See the Company's Consolidated Statements of Cash Flows in the Company's Consolidated Financial Statements included elsewhere in this Annual Report. EBITDA is included in this Annual Report because it is a basis upon which the Company assesses its financial performance.

- (4) The Company acquired Rogers & Phillips, Inc., a pipeline construction company, on January 24, 2000. Refer to Management's Discussion and Analysis of Financial Condition and Results of Operations - General and the Company's Consolidated Financial Statements included elsewhere herein.

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

GENERAL

The Company derives its revenue from providing construction, engineering 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 revenue resulting from the award of contracts to the Company 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.

A number of factors relating to the Company's business affect the Company's 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 revenue is 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 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 unit-price contracts is recognized as earned. Revenue from change orders, extra work, variations in the scope of work and claims is recognized when realization is reasonably assured. External factors such as weather, client needs, client delays in providing approvals, 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 cost recoveries and other

claims are negotiated and realized.

All U.S. government contracts and many of the Company's other contracts provide for termination of the contract for the convenience of the client. 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 within the control of the Company. The Australian project was completed after July 1, 2000, the date on which liquidated damages were scheduled to commence under the contract. However, the Company has submitted claims for extension of the scheduled completion date and believes these claims are valid. The Company believes it has adequately provided for any liquidated damages that could apply. Recovery of some of the cost overruns on this project may also be possible; but until realization is reasonably assured, no recoveries will be recognized.

The world's economies are continuing their recovery following the downturn of 1997-98. This fact, along with current oil and gas prices, suggest that many significant development projects and energy infrastructure projects will now likely proceed, including a number of projects in emerging markets which were put on hold over the past two to three years. Activity in the Company's key markets appears to be improving and management believes the Chad-Cameroon Pipeline Project awarded in September 2000 to a joint venture led by the Company is the first of several major projects which will characterize this cycle in the industry.

In 1999, local protesters looted and vandalized a Company facility near Port Harcourt, Nigeria and interfered with the Company's 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. The Company has successfully operated in Nigeria for the past 38 years with very favorable relationships with the local communities, and believes that order can be maintained and that it can continue to operate in the area.

As previously noted, the Company uses EBITDA

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

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 a method of measuring performance and of evaluating the market value of companies considered to be in similar businesses to those of the Company.

The Company recognizes anticipated contract revenue as backlog when the award of a contract is reasonably assured. 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 \$435.1 million during the year ended December 31, 2000. Additions to backlog during the year were as follows: construction, \$326.3 million; engineering, \$82.7 million; and specialty services, \$26.1 million. Backlog decreases by type of service were as follows: construction, \$192.3 million; engineering, \$58.7 million; and specialty services, \$63.3 million. Backlog at the end of the year increased \$120.8 million (48%) to \$373.9 million and consisted of the following: (a) construction, \$274.8 million, up \$134.0 million (95%); (b) engineering, \$55.0 million, up \$24.0 million (77%); and (c) specialty services, \$44.1 million, down \$37.2 million (46%). Construction backlog consisted primarily of the construction project in Chad-Cameroon and construction projects in the United States. Specialty services backlog was largely attributable to a 16-year water injection contract awarded in 1998 to a consortium in which the Company has a 10 percent interest

On January 24, 2000, the company 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 the Company's common stock and approximately \$1.7 million in cash and acquisition costs. The transaction was accounted for as a purchase. RPI contributed approximately \$39.0 million of revenue during 2000.

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, of which \$2.9 million was incurred during the three month period ended December 31, 2000.

RESULTS OF OPERATIONS

The Company's 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 the Company's services.

The Company's 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 its competitors, its clients and its work locations. The Company does not believe that its revenue or results of operations were adversely affected in this regard during the years ended December 31, 2000 or 1999.

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

YEAR ENDED DECEMBER 31, 2000, COMPARED TO 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 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 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 percent 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

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

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 the Company has a loss before income taxes, a provision for income taxes is 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.

YEAR ENDED DECEMBER 31, 1999, COMPARED TO YEAR ENDED DECEMBER 31, 1998

Contract Revenue

Contract revenue decreased \$105.0 million (37%) to \$176.6 million due to (a) a \$118.3 million (64%) reduction in construction revenue resulting primarily from completion of construction contracts in Venezuela, Indonesia, Oman and the United States; offset by (b) an increase in engineering revenue of \$7.3 million (12%) due to engineering and procurement services work in Nigeria; and (c) an increase of \$6.0 million (19%) in specialty services revenue, principally in Nigeria. Venezuela revenue decreased \$51.9 million (69%) primarily due to completion of work on a pipeline contract that included the construction of 200 kilometers (120-miles) each of 36-inch and 20-inch pipelines and completion of a transport services contract. Indonesia revenue decreased \$22.6 million (88%) primarily due to completion of work on a 55-kilometer (35-mile) 42-inch pipeline in Kalimantan. United States revenue decreased \$48.1 million (53%) primarily due to reduced engineering services work in the United States and completion of work on a natural gas pipeline in Iowa. Oman revenue decreased \$9.8 million (55%) due to reduced construction and specialty services work; however in the last quarter, work was begun on a \$10.0 million five-year maintenance services contract. Nigeria revenue increased \$36.7 million (94%) primarily due to revenue being recognized on a pipeline engineering, procurement and construction project started in 1999 and increased specialty services work. Ivory Coast revenue decreased \$11.9 million (82%) due to completion of work on pipeline projects in that country. Offshore West Africa revenue decreased \$8.2 million due to a decline in offshore services in 1999; however, work has recently begun on an engineering, procurement and construction project to install offshore pipelines and facilities valued at \$12.9 million. Revenue from Pakistan decreased

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

\$6.8 million (100%) due to the completion of an engineering, procurement and construction contract. Australia revenue increased \$18.8 million (100%) due to a new construction contract.

Contract Cost

Contract costs decreased \$74.9 million (34%) to \$145.5 million due to a decrease of \$88.8 million in construction services cost, offset by an increase of \$13.9 million in specialty services cost due to costs associated with maintaining underutilized assets. Variations in contract cost by country were closely related to the variations in contract revenue.

Depreciation and Amortization

Depreciation and amortization decreased \$4.2 million to \$21.3 million primarily due to the sale of excess equipment in Venezuela, Indonesia, the United States and Oman.

General and Administrative

General and administrative expense decreased \$4.8 million to \$27.6 million due to decreased activity, principally in the United States, Venezuela, Indonesia and Oman, and a decrease in administrative expense in the United States.

Operating Income

Operating income decreased \$21.1 million to an operating loss of \$17.8 million. The decrease is attributable to a 37 percent decrease in revenue caused by a lack of new contract awards in construction and specialty services in Venezuela, Indonesia, the United States and Oman; and a change in the revenue mix caused by a higher level of engineering, material procurement and subcontract services, which have lower margins than construction and specialty services.

Net Interest Income (Expense)

Net interest increased \$1.1 million to \$0.6 million income due to increased short-term investments during 1999 and reduced borrowing in the work countries.

Minority Interest Expense

Minority interest expense increased \$0.4 million to \$1.5 million due to an increase in activity in Nigeria.

Foreign Exchange Gain (Loss)

Foreign exchange loss decreased \$1.4 million to \$0.5 million because of reduced foreign exchange losses in Venezuela, Pakistan and the Ivory Coast.

Other Income (Expense)

Other income (expense) increased \$2.1 million to \$2.5 million income, primarily as a result of gains from the sale of excess equipment in Venezuela, Indonesia, the United States and Oman, offset by costs associated with pursuing mergers and acquisitions.

Provision for Income Taxes

The provision for income taxes decreased \$1.3 million (28%) to \$3.3 million primarily due to decreased activity in Venezuela, the Ivory Coast, Indonesia and Oman, offset by income taxes arising from increased activity in Nigeria and federal and state income taxes in the United States. Although the Company has a loss before income taxes, a provision for income taxes is required due to income taxes in certain countries being based on revenue rather than income and losses in one country cannot be used to offset income in another country.

EFFECT OF INFLATION AND CHANGING PRICES

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.

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

CAPITAL STRUCTURE, LIQUIDITY AND CAPITAL RESOURCES

The Company's primary requirements for capital are to acquire, upgrade and maintain 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 \$4.1 million (53%) to \$11.9 million at December 31, 2000, from \$7.8 million at December 31, 1999. The increase was due to cash flows of \$3.0 million from operations and \$10.4 million from financing activities (principally borrowings under the credit agreement), offset by \$10.0 million for investing activities (the purchase of \$15.3 million of equipment and spare parts net of proceeds of \$5.3 million from sales of surplus equipment). The effect of exchange rates on cash and cash equivalents totaled \$0.7 million.

The Company and certain affiliated companies have a \$150.0 million credit agreement with a syndicated bank group which was amended effective June 30, 2000. The credit agreement subjects the \$100.0 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 of 2.25% or a Eurodollar Rate plus a margin of 3.5%. A commitment fee on the unused portion of the credit agreement is payable quarterly at 0.75%. The credit agreement is collateralized by substantially all of the Company's assets, including stock of the principal subsidiaries of the Company. The credit agreement restricts the payment of cash dividends and requires the Company to maintain certain financial ratios. 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, 2000, there was \$26.0 million borrowed under the credit agreement at an average interest rate of 10.3% and \$29.9 million of letters of credit outstanding leaving \$20.4 million available for borrowings and \$94.1 million available for standby and commercial letters of credit.

At December 31, 2000, there were \$0.3 million of notes payable issued by RPI to a bank, collateralized by vehicles and machinery, and payable in monthly installments including interest from 6.7% to 9.7% per annum. The notes mature in 2002, of which \$0.2 million is due in 2001.

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 \$9.8 million at December 31, 2000. There were no outstanding borrowings at December 31, 2000.

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

The Company believes 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. The Company estimates capital expenditures for equipment and spare parts to be approximately \$25.0 to \$35.0 million in 2001.

During 1999, the Company repurchased 1,247,655 shares of its Common Stock for \$7.6

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

million resulting in the Company having 2,175,371 shares of treasury stock at December 31, 1999. The Company did not repurchase any shares in 2000. In January 2000, 1,035,000 shares of treasury stock were issued in connection with the acquisition of RPI. As of December 31, 2000, 1,140,371 shares remain in treasury stock at an average price of \$7.43 per share.

NEW ACCOUNTING PRONOUNCEMENTS

In June 1998, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 133 ("SFAS No. 133") "Accounting for Derivative Instruments and Hedging Activities". SFAS No. 133 establishes accounting and reporting standards for derivative instruments, including derivative instruments embedded in other contracts, and for hedging activities. In June 1999, the FASB issued SFAS No. 137, "Accounting for Derivative Instruments and Hedging Activities Deferral of Effective Date of FASB Statement No. 133", which deferred the effective date of SFAS No. 133 to all fiscal quarters of fiscal years beginning after June 15, 2000. In June 2000, the FASB issued SFAS No. 138 which amended the accounting and reporting standards of SFAS No. 133 for certain derivative instruments and certain hedging activities. SFAS No. 138 also amended SFAS No. 133 for decisions made by the FASB relating to the Derivatives Implementation Group process. As of December 31, 2000, the Company was not a party to any derivative contracts and therefore, SFAS No. 133 did not impact the Company as of the required adoption date of January 1, 2001.

FINANCIAL RISK MANAGEMENT

The Company's primary market risk is its exposure to changes in non-U.S. currency exchange rates. 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 revenue with expenses in the same currency whenever possible. To the extent it is unable to match non-U.S. currency revenue with expenses in the same currency, the Company may use forward contracts, options or other common hedging techniques in the same non-U.S. currencies. The Company had no forward contracts or options at December 31, 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, 2000 due to the generally short maturities of these items. The Company invests primarily in short-term dollar denominated bank deposits, and at December 31, 2000 did not have any investment in instruments with a maturity of more than a few days or in any equity securities. The Company has the ability and expects to hold its investments to maturity.

The Company's exposure to market risk for changes in interest rates relates primarily to the Company's long-term debt. At December 31, 2000, \$26.0 million of the Company's 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, 2000 was 10.1%. The detrimental effect of a hypothetical 100 basis point increase in interest rates would be to reduce income before income taxes by \$0.2 million for the twelve-month period. At December 31, 2000, the Company's fixed rate debt approximated fair value based upon discounted future cash flows using current market prices.

INDEPENDENT AUDITORS' REPORT

The Stockholders and Board of Directors Willbros Group, Inc.:

We have audited the accompanying consolidated balance sheets of Willbros Group, Inc. and subsidiaries as of December 31, 2000 and 1999, and the related consolidated statements of operations, stockholders' equity and comprehensive income and cash flows for each of the years in the three-year period ended December 31, 2000. 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 of America. 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Willbros Group, Inc. and subsidiaries as of December 31, 2000 and 1999, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2000, in conformity with generally accepted accounting principles in the United States of America.

KPMG LLP

Houston, Texas
February 9, 2001

CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share data)

	December 31,	
	<u>2000</u>	<u>1999</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 11,939	\$ 7,806
Accounts receivable, net	66,663	50,569
Contract cost and recognized income not yet billed	22,765	13,082
Prepaid expenses	2,666	4,189
Total current assets	<u>104,033</u>	<u>75,646</u>
Spare parts, net	5,495	6,581
Property, plant and equipment, net	57,070	64,813
Other assets	8,849	6,113
Total assets	<u>\$ 175,447</u>	<u>\$ 153,153</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Notes payable and current portion of long-term debt	\$ 217	\$ 481
Accounts payable and accrued liabilities	61,960	35,254
Accrued income taxes	4,087	4,683
Contract billings in excess of cost and recognized income	4,825	9,427
Total current liabilities	<u>71,089</u>	<u>49,845</u>
Long-term debt	26,081	15,500
Other liabilities	6,531	7,381
Total liabilities	<u>103,701</u>	<u>72,726</u>
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 15,206,495 shares issued at December 31, 2000 (15,123,453 at December 31, 1999)	760	756
Capital in excess of par value	68,373	67,927
Retained earnings	12,125	29,896
Treasury stock at cost, 1,140,371 shares at December 31, 2000 (2,175,371 shares at December 31, 1999)	(8,474)	(16,164)
Notes receivable for stock purchases	(43)	(307)
Accumulated other comprehensive income (loss)	(995)	(1,681)
Total stockholders' equity	<u>71,746</u>	<u>80,427</u>
Total liabilities and stockholders' equity	<u>\$ 175,447</u>	<u>\$ 153,153</u>

See accompanying notes to consolidated financial statements

WILLBROS GROUP, INC**CONSOLIDATED STATEMENTS OF OPERATIONS***(In thousands, except share and per share data)*

	Year Ended December 31.		
	2000	1999	1998
Contract revenue	\$ 314,290	\$ 176,564	\$ 281,618
Operating expenses:			
Contract	266,969	145,498	220,360
Depreciation and amortization	22,408	21,313	25,552
General and administrative	30,218	27,548	32,383
	<u>319,595</u>	<u>194,359</u>	<u>278,295</u>
Operating income (loss)	(5,305)	(17,795)	3,323
Other income (expense):			
Interest income	677	801	851
Interest expense	(2,542)	(214)	(1,335)
Foreign exchange loss	(1,101)	(501)	(1,934)
Minority interest	(2,449)	(1,541)	(1,132)
Other – net	385	2,532	432
	<u>(5,030)</u>	<u>1,077</u>	<u>(3,118)</u>
Income (loss) before income taxes	(10,335)	(16,718)	205
Provision for income taxes	5,257	3,300	4,567
Net loss	<u>\$ (15,592)</u>	<u>\$ (20,018)</u>	<u>\$ (4,362)</u>
Loss per common share:			
Basic	<u>\$ (1.11)</u>	<u>\$ (1.54)</u>	<u>\$ (.30)</u>
Diluted	<u>\$ (1.11)</u>	<u>\$ (1.54)</u>	<u>\$ (.30)</u>
Weighted average number of common shares outstanding:			
Basic	<u>14,017,857</u>	<u>13,029,665</u>	<u>14,744,622</u>
Diluted	<u>14,017,857</u>	<u>13,029,665</u>	<u>14,744,622</u>

See accompanying notes to consolidated financial statements

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY AND COMPREHENSIVE INCOME
(In thousands, except share amounts)

	Common Stock		Capital in Excess of Par Value	Retained Earnings	Treasury Stock	Notes Receivable For Stock Purchases	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Shares	Par Value						
Balance, January 1, 1998	14,992,320	\$ 750	\$ 66,857	\$ 54,276	\$ -	\$ (2,084)	\$ (813)	\$ 118,986
Comprehensive income (loss):								
Net loss	-	-	-	(4,362)	-	-	-	(4,362)
Foreign currency translation adjustments	-	-	-	-	-	-	(961)	(961)
Total comprehensive loss								(5,323)
Payment of notes receivable	-	-	-	-	-	1,102	-	1,102
Purchase of treasury stock	-	-	-	-	(8,590)	-	-	(8,590)
Issuance of common stock								
under employee benefit plan	32,945	1	331	-	-	-	-	332
Exercise of stock options	46,450	2	425	-	-	-	-	427
Balance, December 31, 1998	15,071,715	753	67,613	49,914	(8,590)	(982)	(1,774)	106,934
Comprehensive income (loss):								
Net loss	-	-	-	(20,018)	-	-	-	(20,018)
Foreign currency translation adjustments	-	-	-	-	-	-	93	93
Total comprehensive loss								(19,925)
Payment of notes receivable	-	-	-	-	-	675	-	675
Purchase of treasury stock	-	-	-	-	(7,574)	-	-	(7,574)
Issuance of common stock								
under employee benefit plan	51,238	3	311	-	-	-	-	314
Exercise of stock options	500	-	3	-	-	-	-	3
Balance, December 31, 1999	15,123,453	756	67,927	29,896	(16,164)	(307)	(1,681)	80,427
Comprehensive income (loss):								
Net loss	-	-	-	(15,592)	-	-	-	(15,592)
Foreign currency translation adjustments	-	-	-	-	-	-	686	686
Total comprehensive loss								(14,906)
Payment of notes receivable	-	-	-	-	-	264	-	264
Issuance of treasury stock	-	-	-	(2,179)	7,690	-	-	5,511
Issuance of common stock								
under employee benefit plan	42,542	2	241	-	-	-	-	243
Exercise of stock options	40,500	2	205	-	-	-	-	207
Balance, December 31, 2000	15,206,495	\$ 760	\$ 68,373	\$ 12,125	\$ (8,474)	\$ (43)	\$ (995)	\$ 71,746

See accompanying notes to consolidated financial statements

WILLBROS GROUP, INC**CONSOLIDATED STATEMENTS OF CASH FLOWS***(In thousands)*

	Year Ended December 31.		
	2000	1999	1998
Cash flows from operating activities:			
Net loss	\$ (15,592)	\$ (20,018)	\$ (4,362)
Reconciliation of net loss to cash provided by (used in) operating activities:			
Depreciation and amortization	22,408	21,313	25,552
Loss (gain) on sales and retirements of property and equipment	(4)	(2,897)	261
Changes in operating assets and liabilities:			
Accounts receivable	(11,900)	(10,551)	16,987
Contract cost and recognized income not yet billed	(9,305)	(5,060)	137
Prepaid expenses and other assets	73	(1,326)	(1,981)
Accounts payable and accrued liabilities	23,984	(98)	(5,935)
Accrued income taxes	(596)	(971)	483
Contract billings in excess of cost and recognized income	(4,414)	4,436	(16,071)
Other liabilities	(1,614)	1,131	128
Cash provided by (used in) operating activities	3,040	(14,041)	15,199
Cash flows from investing activities:			
Purchase of Rogers & Phillips, Inc., net of cash acquired	(14)	-	-
Proceeds from sales of property and equipment	5,330	17,111	1,428
Purchase of property and equipment	(8,792)	(7,983)	(24,861)
Purchase of spare parts	(6,559)	(4,262)	(11,251)
Cash provided by (used in) investing activities	(10,035)	4,866	(34,684)
Cash flows from financing activities:			
Proceeds from long-term debt	55,000	15,500	37,000
Proceeds from notes payable to banks	979	481	7,160
Proceeds from common stock	450	317	759
Collection of notes receivable for stock purchases	264	675	1,102
Repayment of long-term debt	(44,791)	-	(40,000)
Repayment of notes payable to banks	(1,460)	(525)	(11,509)
Purchase of treasury stock	-	(7,574)	(8,590)
Repayment of notes payable to former shareholders	-	(233)	(467)
Cash provided by (used in) financing activities	10,442	8,641	(14,545)
Effect of exchange rate changes on cash and cash equivalents	686	93	(961)
Cash provided by (used in) all activities	4,133	(441)	(34,991)
Cash and cash equivalents, beginning of year	7,806	8,247	43,238
Cash and cash equivalents, end of year	<u>\$ 11,939</u>	<u>\$ 7,806</u>	<u>\$ 8,247</u>

See accompanying notes to consolidated financial statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(In thousands, except share and per share amounts)

1. Summary of Significant Accounting Policies

Company – Willbros Group, Inc. (“WGI”), a Republic of Panama corporation and all of its majority-owned subsidiaries (the “Company”) provides construction, engineering and specialty services to the oil, gas and power industries. The Company’s principal markets are Africa, Asia, Australia, the Middle East, South America and the United States.

Principles of Consolidation – The consolidated financial statements of the Company include the accounts of WGI and all of its majority-owned subsidiaries. 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. Interests in unconsolidated joint ventures are accounted for on the equity method in the consolidated balance sheets and revenue and expenses on a proportional consolidation basis in the consolidated statements of operations.

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 revenue and expenses. Actual results could differ from those estimates.

Accounts Receivable – Accounts receivable include retainage, all due within one year, of \$858 in 2000 and \$3,423 in 1999 and are stated net of allowances for bad debts of \$508 in 2000 and \$1,267 in 1999. The provision (credit) for bad debts was \$(154) in 2000, \$573 in 1999 and \$72 in 1998.

Spare Parts – Spare parts (excluding expendables), stated net of accumulated depreciation of \$15,860 in 2000 and \$16,052 in 1999, are depreciated over three years on the straight-line method.

Property, Plant and Equipment – Depreciation is provided on the straight-line method using estimated lives of principally four to ten 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.

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

Goodwill – Goodwill represents the excess of purchase price over fair value of net assets acquired and is being amortized on a straight-line basis over twenty years. At December 31, 2000, goodwill of \$946, net of accumulated amortization of \$31, is included in other assets. The Company assesses the recoverability of goodwill using estimates of undiscounted future cash flows.

Revenue – Construction and engineering fixed-price contracts are accounted for using the percentage-of-completion method. Under this method, estimated contract revenue is generally accrued based on the percentage the costs to date bear to total estimated costs, taking into consideration physical completion. Estimated contract losses are recognized in full when determined. Revenue from unit-price contracts is recognized as earned. Revenue from change orders, extra work, variations in the scope of work and claims is recognized when realization is assured. Costs incurred for bidding and obtaining contracts are expensed as incurred.

WILLBROS GROUP, INC.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands, except share and per share amounts)

1. Summary of Significant Accounting Policies (continued)

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 temporary differences between the financial statement 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 measures stock-based compensation using the intrinsic value method of accounting prescribed by Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" and related interpretations, and provides pro-forma disclosure as required by Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation". As such, compensation cost for stock options is measured as the excess, if any, of the quoted market price of the Company's stock at the date of grant over the exercise price.

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 for countries in which the local currency is the functional currency. Non-monetary assets and liabilities in highly inflationary economies are translated into United States dollars at historical exchange rates. Translation adjustments are accumulated in other comprehensive income (loss). 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. During 2000, \$854 was transferred from cumulative translation adjustments in stockholders' equity to foreign exchange loss due to the substantial reduction of operations in certain countries.

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.

Fair Value of Financial Instruments – The carrying value of financial instruments does not materially differ from fair value.

Cash Flows – In the determination of cash flows, all highly liquid investments with maturities of less than three months are considered to be cash equivalents. The Company paid interest of \$2,216 in 2000, \$76 in 1999 and \$1,309 in 1998 and income taxes of \$7,249 in 2000, \$3,474 in 1999 and \$4,084 in 1998.

Earnings (Loss) per Share – Basic earnings (loss) per share is calculated by dividing net income, less any preferred dividend requirements, by the weighted-average number of common shares outstanding during the year. Diluted earnings (loss) per share is calculated by including the weighted-average number of all potentially dilutive common shares with the weighted-average number of common shares outstanding.

Derivative Financial Instruments – The Company may use derivative financial instruments such as forward contracts, options or other financial instruments as hedges to mitigate non-U.S. currency exchange risk when the Company is unable to match non-U.S. currency revenue with expenses in the same currency. The unrealized gains or losses on such financial instruments are deferred and recognized when realized as an adjustment to contract revenue. The Company had no derivative financial instruments as of December 31, 2000 or 1999.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(In thousands, except share and per share amounts)

2. Acquisition

On January 24, 2000, the Company acquired Rogers & Phillips, Inc. ("RPI"), a closely held United States pipeline construction company. The consideration included 1,035,000 shares of treasury stock valued at \$5,511 and approximately \$1,710 in cash and acquisition costs. The transaction was accounted for as a purchase. The pro forma results of operation for this acquisition, had the acquisition occurred at January 1, 1999, for revenues would have been \$314,290 in 2000 and \$198,179 in 1999. Pro forma results for net loss and net loss per share for 2000 and 1999 would not have been materially different from reported results. The fair value, as adjusted, of the net assets acquired was as follows:

Current assets	\$ 6,615
Property, plant and equipment	3,523
Current liabilities	(3,044)
Deferred income taxes	(515)
Long term debt	(335)
	<u>6,244</u>
Excess of purchase price over net assets acquired	977
	<u>\$ 7,221</u>

3. Contracts in Progress

Most contracts allow for progress billings to be made during the 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,	
	2000	1999
Costs incurred on contracts in progress	\$ 198,369	\$ 86,836
Recognized income	58,686	16,537
	<u>257,055</u>	<u>103,373</u>
Progress billings and advance payments	239,115	99,718
	<u>\$ 17,940</u>	<u>\$ 3,655</u>
Contract cost and recognized income not yet billed	\$ 22,765	\$ 13,082
Contract billings in excess of cost and recognized income	(4,825)	(9,427)
	<u>\$ 17,940</u>	<u>\$ 3,655</u>

WILLBROS GROUP, INC.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS***(In thousands, except share and per share amounts)***4. Property, Plant and Equipment**

Property, plant and equipment, which are used to secure debt or are subject to lien, at cost, consist of:

	December 31,	
	2000	1999
Construction equipment	\$ 39,907	\$ 48,072
Marine equipment	46,874	46,365
Transportation equipment	17,324	21,220
Land, buildings, furniture and equipment	24,251	20,287
	<u>128,356</u>	<u>135,944</u>
Less accumulated depreciation and amortization	71,286	71,131
	<u>\$ 57,070</u>	<u>\$ 64,813</u>

5. Joint Ventures

The Company has investments, ranging from 10 percent to 50 percent, in joint ventures that operate in similar lines of business as the Company. Investments consist of a 10 percent interest in a consortium for work in Venezuela, a 35 percent interest in a joint venture for work in Australia and a 50 percent interest in a joint venture for work in Africa. Interests in these unconsolidated investments are accounted for under the equity-method in the consolidated balance sheets and on a proportional consolidation basis in the consolidated statements of operations. The Company's investments in and advances to and from these ventures were not significant at December 31, 2000 and 1999.

The Company's share of revenue and contract cost from these ventures consist of:

	Year Ended December 31,		
	2000	1999	1998
Contract revenue	\$ 25,546	\$ 21,633	\$ 219
Contract cost	39,913	22,164	316

6. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consist of:

	December 31,	
	2000	1999
Trade payables	\$ 45,736	\$ 18,676
Payrolls and payroll liabilities	12,894	13,388
Equipment reconditioning and overhaul reserves	3,330	3,190
	<u>\$ 61,960</u>	<u>\$ 35,254</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

*(In thousands, except share and per share amounts)***7. Notes Payable and Long-term Debt**

Notes payable and long-term debt consist of the following:

	December 31,	
	2000	1999
\$150,000 revolving credit agreement		
with a syndicated bank group	\$ 26,000	\$ 15,500
Notes payable issue by RPI to a bank	298	-
Other obligations	-	481
Total long-term debt	<u>26,298</u>	<u>15,981</u>
Less current portion	<u>217</u>	<u>481</u>
Long-term debt, less current portion	<u>\$ 26,081</u>	<u>\$ 15,500</u>

The Company and certain affiliated companies have a \$150,000 credit agreement with a syndicated bank group which was amended effective June 30, 2000. The credit agreement subjects the \$100,000 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 of 2.25% or a Eurodollar Rate plus a margin of 3.5%. A commitment fee on the unused portion of the credit agreement is payable quarterly at 0.75%. The credit agreement is collateralized by substantially all of the Company's assets, including stock of the principal subsidiaries of the Company. The credit agreement restricts the payment of cash dividends and requires the Company to maintain certain financial ratios. 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. Debt issue costs of \$1,046, net of accumulated amortization of \$272, are included in other assets at December 31, 2000.

As of December 31, 2000, there was \$26,000 borrowed under the credit agreement at an average interest rate of 10.3% and \$29,918 of letters of credit outstanding leaving \$20,407 available for borrowings and \$94,082 available for standby and commercial letters of credit.

At December 31, 2000, there was \$298 of notes payable issued by RPI to a bank, collateralized by vehicles and machinery, and payable in monthly installments up to \$8, including interest from 6.7% to 9.7% per annum. The notes mature in 2002, of which \$217 is due in 2001.

The Company has unsecured credit facilities with banks in certain countries outside the United States. Borrowings 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 \$9,800 at December 31, 2000. There were no outstanding borrowings at December 31, 2000 (\$481 at December 31, 1999).

WILLBROS GROUP, INC.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS***(In thousands, except share and per share amounts)***8. Retirement Benefits**

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. The Company has a postretirement medical benefits plan which covers substantially all regular employees and is funded by Company and retiree contributions based on estimated cost. Benefit expense for these plans includes the following components:

	Pension Benefits			Postretirement Medical Benefits		
	Year Ended December 31,			Year Ended December 31,		
	2000	1999	1998	2000	1999	1998
Service cost	\$ 1,084	\$ 1,692	\$ 1,658	\$ 119	\$ 157	\$ 179
Interest cost	2,347	2,244	2,225	365	274	296
Expected return on plan assets	(3,155)	(2,914)	(2,560)	-	-	-
Recognized net actuarial loss (gain)	(960)	(188)	-	(93)	(108)	(81)
Amortization of transition asset	(29)	(29)	(29)	-	-	-
Amortization of prior service cost	133	95	145	(22)	(22)	(22)
Amendments	170	-	-	-	-	-
	<u>\$ (410)</u>	<u>\$ 900</u>	<u>\$ 1,439</u>	<u>\$ 369</u>	<u>\$ 301</u>	<u>\$ 372</u>

The retirement benefit obligations are determined using a weighted-average discount rate of 7.75 percent at December 31, 2000 (8.0 percent at December 31, 1999, and 6.75 percent at December 31, 1998). For pension benefits the rate of increase in future pay increases is 5.5 percent at December 31, 2000 (5.5 percent at December 31, 1999, and 5.5 percent at December 31, 1998), 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 following table sets forth the changes in benefit obligations and plan assets and the reconciliation of the funded status of the plans to the accrued benefit cost:

	Pension Benefits			Postretirement Medical Benefits		
	Year Ended December 31,			Year Ended December 31,		
	2000	1999	1998	2000	1999	1998
Change in benefit obligations:						
Benefit obligations,						
beginning of year	\$30,107	\$34,278	\$32,407	\$ 4,557	\$ 4,057	\$ 4,236
Service cost	1,084	1,692	1,658	119	157	179
Interest cost	2,347	2,244	2,225	364	274	296
Plan participants' contribution	390	407	493	121	110	86
Amendments	170	-	-	-	-	-
Actuarial loss (gain)	92	(6,416)	(1,035)	778	243	(494)
Benefits paid	(1,901)	(2,098)	(1,470)	(399)	(284)	(246)
Benefit obligations,						
end of year	<u>32,289</u>	<u>30,107</u>	<u>34,278</u>	<u>5,540</u>	<u>4,557</u>	<u>4,057</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(In thousands, except share and per share amounts)

8. Retirement Benefits (continued)

	Pension Benefits			Postretirement Medical Benefits		
	Year Ended December 31,			Year Ended December 31,		
	2000	1999	1998	2000	1999	1998
Change in plan assets:						
Plan assets at fair value,						
beginning of year	\$37,709	\$34,699	\$30,514	\$ -	\$ -	\$ -
Actual return on plan assets	(754)	4,468	4,823	-	-	-
Employer contribution	-	-	-	278	174	160
Plan participants' contribution	390	407	493	121	110	86
Benefits paid	(1,901)	(1,865)	(1,131)	(399)	(284)	(246)
Plan assets at fair value, end of year	<u>35,444</u>	<u>37,709</u>	<u>34,699</u>	<u>-</u>	<u>-</u>	<u>-</u>
Reconciliation:						
Funded status, plan assets over						
(under) benefit obligations	3,155	7,602	421	(5,540)	(4,557)	(4,057)
Unrecognized net actuarial gain	(8,466)	(13,427)	(5,391)	(514)	(1,384)	(1,735)
Transition asset at January 1, 1987	(29)	(57)	(86)	-	-	-
Unrecognized prior service cost	844	976	816	(177)	(199)	(221)
Adjustment for minimum liability	-	-	(50)	-	-	-
Accrued benefit cost	<u>\$(4,496)</u>	<u>\$(4,906)</u>	<u>\$(4,290)</u>	<u>\$(6,231)</u>	<u>\$(6,140)</u>	<u>\$(6,013)</u>

Plan assets of the pension plans consist primarily of listed stocks and bonds. Contributions of assets to a trust established by the Company to fund benefit payments under the Executive Benefit Restoration Plan, which was liquidated subsequent to December 31, 2000, are irrevocable but are subject to creditor claims under certain conditions and are, therefore, excluded from the determination of funded status. Assets held in trust, at cost which approximates market, included in other assets, are \$1,588 at December 31, 2000, \$1,438 at December 31, 1999, and \$1,329 at December 31, 1998.

The non-current portion of the postretirement medical benefit liability, \$6,133 at December 31, 2000 (\$6,042 at December 31, 1999), is included in other liabilities.

The weighted-average annual assumed rate of increase in the per capita cost of covered postretirement medical benefits is 9.5 percent for 2001 and is assumed to decrease to 5.5 percent by the year 2009 and to remain at that level. Increasing the assumed health care cost trend rates by one percentage point in each year would increase the postretirement medical benefits liability at December 31, 2000, by \$666 and expense for 2000 by \$68. Decreasing the assumed health care cost trend rates by one percentage point in each year would decrease the postretirement medical benefits liability by \$556 and expense for 2000 by \$56.

The Company has a defined contribution plan that is funded by participating employee contributions and the Company. The Company matches employee contributions, up to a maximum of 4 percent of salary, as follows: 100 percent in the form of cash or 125 percent in the form of WGI common stock, as elected by the employee. Company contributions for this plan were \$616 (including \$243 of WGI common stock) in 2000, \$636 (including \$314 of WGI common stock) in 1999, and \$689 (including \$332 of WGI common stock) in 1998.

WILLBROS GROUP, INC.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS***(In thousands, except share and per share amounts)***9. Income Taxes**

The provision for income taxes represents income taxes arising as a result of operations, credits for revision of previous estimates of income taxes payable in a number of countries and a credit recognizing the tax benefit of a portion of the Company's tax losses carried forward. The Company is not subject to income tax in Panama on income earned outside of Panama. All income has been earned outside of Panama. The relationship between income (loss) before income taxes and the provision for income taxes is affected by the method of determining income taxes in the countries in which the Company operates. The effective consolidated tax rate differs from a statutory tax rate as 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 for income taxes in the consolidated statements of operations consist of:

	Year Ended December 31,		
	2000	1999	1998
Income (loss) before income taxes:			
Other countries	\$(12,240)	\$ (19,197)	\$ 3,036
United States	1,905	2,479	(2,831)
	<u>\$ (10,335)</u>	<u>\$ (16,718)</u>	<u>\$ 205</u>
Provision for income taxes:			
Current provision:			
Other countries	\$ 5,818	\$ 2,851	\$ 4,567
United States:			
Federal	365	190	-
State	267	259	-
	<u>6,450</u>	<u>3,300</u>	<u>4,567</u>
Deferred tax benefit:			
United States	(1,193)	-	-
Total provision	<u>\$ 5,257</u>	<u>\$ 3,300</u>	<u>\$ 4,567</u>

The Company has a deferred tax asset in the United States of \$10,121 at December 31, 2000, and \$13,621 at December 31, 1999, relating to United States net operating loss and investment tax credit carryforwards and temporary differences primarily related to employee benefit expenses; and a deferred tax liability of \$632 at December 31, 2000, and \$684 at December 31, 1999, relating to temporary differences between book and tax depreciation. The net deferred tax asset is reduced to \$1,193 at December 31, 2000, and zero at December 31, 1999, by a valuation allowance. The Company has assessed its United States operations including past earnings history and projected future earnings, and the limitations and expiration dates of the U.S. net operating loss and investment tax credit carryforwards, and has determined that it is more likely than not that the \$1,193 of deferred tax asset at December 31, 2000, will be realized.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(In thousands, except share and per share amounts)

9. Income Taxes (continued)

The Company has \$18,228 in United States net operating loss carryforwards and \$427 of United States investment tax credit carryforwards at December 31, 2000. The United States net operating loss carryforwards will expire, unless utilized, beginning in 2001 and ending December 31, 2012. The carryforwards available on an annual basis are limited. At December 31, 2000, the Company has nonexpiring operating loss carryforwards in the United Kingdom of \$26,640 (£18,761), and a net operating loss carryforward expiring over three years in Venezuela of \$358 (Bolivars 250,000). The deferred tax asset applicable to these operating loss carryforwards is reduced to \$1,193 and zero at December 31, 2000 and 1999, respectively, by a valuation allowance.

In connection with the acquisition of RPI in 2000, the Company recorded a \$515 deferred tax liability relating primarily to differences between the financial statement carrying values of the assets acquired and their tax basis.

10. Stockholder Rights Plan

On April 1, 1999, the Company adopted a Stockholder Rights Plan and declared a distribution of one Preferred Share Purchase Right ("Right") on each outstanding share of the Company's common stock. The distribution was made on April 15, 1999 to stockholders of record on that date. The Rights expire on April 14, 2009.

The Rights are exercisable only if a person or group acquires 15 percent or more of the Company's common stock or announces a tender offer the consummation of which would result in ownership by a person or group of 15 percent or more of the common stock. Each Right entitles stockholders to buy one one-thousandth of a share of a series of junior participating preferred stock at an exercise price of \$30.00 per share.

If the Company is acquired in a merger or other business combination transaction after a person or group has acquired 15 percent or more of the Company's outstanding common stock, each Right entitles its holder to purchase, at the Right's then-current exercise price, a number of acquiring company's common shares having a market value of twice such price. In addition, if a person or group acquires 15 percent or more of the Company's outstanding common stock, each Right entitles its holder (other than such person or members of such group) to purchase, at the Right's then-current exercise price, a number of the Company's common shares having a market value of twice such price.

Prior to the acquisition by a person or group of beneficial ownership of 15 percent or more of the Company's common stock, the Rights are redeemable for one-half cent per Right at the option of the Company's Board of Directors.

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. In May 1999, the stockholders approved the increase of the number of shares authorized for issuance under the 1996 Plan to 2,125,000.

WILLBROS GROUP, INC.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS***(In thousands, except share and per share amounts)***11. Stock Ownership Plans (continued)**

Options granted under the 1996 Plan vest 25 percent at the date of grant and 25 percent each January 1 thereafter. Options granted under the Director Plan vest six months after the date of grant. At December 31, 2000, the 1996 Plan has 236,500 shares and the Director Plan has 75,000 shares available for grant.

The per share weighted-average fair value of options granted was calculated using the Black Scholes option-pricing model, assuming the options have a life of three years, the weighted-average risk-free interest rate at the dates of grant was 6.45 percent in 2000 (5.86 percent in 1999 and 4.63 percent in 1998) and the weighted-average volatility was 59.14 percent in 2000 (52.78 percent in 1999 and 59.12 percent in 1998).

The Company's stock option activity and related information consist of:

	Year Ended December 31,					
	2000		1999		1998	
	Shares	Weighted-Average Exercise Price	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding, beginning						
of year	1,479,550	\$ 8.20	1,093,050	\$ 9.37	484,500	\$ 9.19
Granted	651,500	5.70	416,000	5.28	655,000	9.50
Exercised	40,500	5.12	500	6.63	46,450	9.19
Forfeited	231,000	6.34	29,000	10.51	500	6.63
Outstanding, end of year	1,859,550	\$ 7.62	1,479,550	\$ 8.20	1,093,050	\$ 9.37
Exercisable at end of year	1,186,425	\$ 8.42	904,800	\$ 8.84	517,550	\$ 9.30

The weighted-average fair value of options granted during the year was \$2.56 in 2000 (\$2.17 in 1999, \$3.75 in 1998). Exercise prices for options outstanding, weighted-average remaining life and weighted-average exercise price by ranges of exercise prices at December 31, 2000 are:

Range of Exercise Prices	Options Outstanding	Weighted-Average Remaining Life	Weighted Average Exercise Price
\$ 5.06 – \$ 6.94	1,228,750	8.9 years	\$ 5.85
\$ 8.67 – \$ 11.75	420,050	5.8 years	9.07
\$ 14.94 – \$ 19.44	210,750	7.1 years	15.02
\$ 5.06 – \$ 19.44	1,859,550	8.0 years	\$ 7.62

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except share and per share amounts)
11. Stock Ownership Plans (continued)

The number of vested options and weighted-average exercise price by ranges of exercise prices at December 31, 2000 are:

<u>Range of Exercise Prices</u>	<u>Vested Options</u>	<u>Weighted Average Exercise Price</u>
\$ 5.06 – \$ 6.94	595,125	\$ 6.05
\$ 8.67 – \$ 11.75	420,050	9.08
\$ 14.94 – \$ 19.44	171,250	15.04
\$ 5.06 – \$ 19.44	<u>1,186,425</u>	<u>\$ 8.42</u>

No compensation expense for the options granted under the 1996 Plan and the Director Plan has been recorded. Had compensation expense for vested options been recorded, the Company's net loss would have been \$(16,397) in 2000 (\$(21,232) in 1999 and \$(5,234) in 1998), and basic and diluted loss per share would have been \$(1.17) in 2000 (\$(1.63) in 1999 and \$(.35) in 1998).

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 percent of the option price with three-year non-interest bearing recourse notes.

12. Earnings (Loss) Per Share

Basic and diluted earnings (loss) per share are computed as follows:

	Year Ended December 31,		
	<u>2000</u>	<u>1999</u>	<u>1998</u>
Net income (loss) applicable to common shares	<u>\$ (15,592)</u>	<u>\$ (20,018)</u>	<u>\$ (4,362)</u>
Weighted average number of common shares outstanding for basic earnings per share	14,017,857	13,029,665	14,744,622
Weighted average number of dilutive potential common shares outstanding	—	—	—
Weighted average number of common shares outstanding for diluted earnings per share	<u>14,017,857</u>	<u>13,029,665</u>	<u>14,744,622</u>
Earnings (loss) per common share:			
Basic	<u>\$ (1.11)</u>	<u>\$ (1.54)</u>	<u>\$ (.30)</u>
Diluted	<u>\$ (1.11)</u>	<u>\$ (1.54)</u>	<u>\$ (.30)</u>

At December 31, 2000, there were 1,859,550 potential common shares (1,479,550 at December 31, 1999, and 1,093,050 at December 31, 1998) excluded from the computation of diluted earnings (loss) per share because of their anti-dilutive effect.

WILLBROS GROUP, INC.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS***(In thousands, except share and per share amounts)***13. Segment Information**

The Company operates in a single operating segment providing construction, engineering and specialty services to the oil, gas and power industries. 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 representing more than 10 percent of total contract revenue are as follows:

	Year Ended December 31,		
	2000	1999	1998
Customer A	44%	36%	–%
Customer B	11	11	–
Customer C	–	–	22
Customer D	–	–	18
	<u>55%</u>	<u>47%</u>	<u>40%</u>

Information about the Company's operations in its significant work countries is shown below:

	Year Ended December 31,		
	2000	1999	1998
Contract revenue:			
Nigeria	\$ 143,023	\$ 75,928	\$ 48,743
United States (1)	92,998	42,981	91,151
Venezuela	26,111	23,501	75,350
Australia	20,687	18,774	–
Offshore West Africa	17,727	1,282	–
Oman	12,908	8,026	17,806
Indonesia	–	3,205	25,804
Ivory Coast	–	2,567	14,511
Pakistan	–	–	6,764
Other	836	300	1,489
	<u>\$ 314,290</u>	<u>\$ 176,564</u>	<u>\$ 281,618</u>
Long-lived assets:			
Nigeria	\$ 24,541	\$ 24,158	\$ 33,005
United States	15,404	11,680	15,088
Venezuela	9,699	14,724	26,495
Offshore West Africa	7,411	8,100	–
Oman	4,298	4,665	6,602
Indonesia	–	3,929	7,246
Ivory Coast	57	2,953	4,213
Other	1,155	1,185	2,027
	<u>\$ 62,565</u>	<u>\$ 71,394</u>	<u>\$ 94,676</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(In thousands, except share and per share amounts)

(1) Net of intercountry revenue of \$6,481 in 2000, \$3,176 in 1999 and \$1,463 in 1998.

14. Contingencies, Commitments and Other Circumstances

The Company provides construction, engineering and specialty services to the oil, gas and power industries. The Company's principal markets are currently Africa, 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 restrictions, extreme exchange rate fluctuations, expropriation of assets, civil uprisings and riots, unanticipated taxes including income taxes, excise duties, import taxes, export taxes, sales taxes or other governmental assessments, availability of suitable personnel and equipment, termination of existing contracts and leases, government instability 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 local advisors 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 postcontract 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 \$3,166 in 2000, \$2,257 in 1999, and \$3,254 in 1998. Minimum lease commitments under operating leases as of December 31, 2000, total \$5,369 and are payable as follows: 2001, \$1,631; 2002, \$1,551; 2003, \$788; 2004, \$543; 2005, \$492 and later years, \$364.

WILBROS GROUP, INC.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS***(In thousands, except share and per share amounts)***15. Quarterly Financial Data (Unaudited)**

Selected unaudited quarterly financial data for the years ended December 31, 2000 and 1999, is as follows:

	<u>First Quarter</u>	<u>Second Quarter</u>	<u>Third Quarter</u>	<u>Fourth Quarter</u>	<u>Total</u>
December 31, 2000:					
Contract revenue	\$ 78,773	\$ 81,772	\$ 74,934	\$ 78,811	\$ 314,290
Operating income (loss)	(4,389)	(263)	(3,738)	3,085	(5,305)
Income (loss) before income taxes	(4,623)	(1,270)	(3,782)	(660)	(10,335)
Net income (loss)	(5,914)	(4,344)	(5,742)	408	(15,592)
Earnings (loss) per share, basic and diluted	(.42)	(.31)	(.41)	.03	(1.11)
December 31, 1999:					
Contract revenue	\$ 28,479	\$ 41,599	\$ 42,650	\$ 63,836	\$ 176,564
Operating income (loss)	(8,574)	(9,178)	(1,932)	1,889	(17,795)
Income (loss) before income taxes	(6,646)	(8,556)	(3,254)	1,738	(16,718)
Net income (loss)	(7,115)	(9,545)	(4,290)	932	(20,018)
Earnings (loss) per share, basic and diluted	(.53)	(.74)	(.33)	.07	(1.54)

The Company derives its revenue 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 revenue is recognized.

Annual Stockholders' Meeting

The annual stockholders' meeting will be held at 9:00 a.m., local time, on Wednesday, May 9, 2001, at the Marriott Panama Hotel, Calle 52 y Ricardo Arias, 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., 4400 Post Oak Parkway, Suite 1000, Houston, Texas 77027.

Investor Relations Contact

Michael W. Collier
(713) 403-8016
E-mail address: mike.collier@willbros.com

Common Stock Information and Dividend Policy

The Company's common stock trades on the New York Stock exchange under the symbol WG. As of December 31, 2000, there were 137 stockholders of record. The table below sets forth the common stock trading price by quarter for 1999 and 2000.

CORPORATE OFFICES**Headquarters Office**

Plaza Bancomer Building
50th Street, 8th floor
Apartado 6307
Panama 5, Republic of Panama
011 (507) 213-0947

Administrative Office

Willbros USA, Inc.
4400 Post Oak Parkway, Suite 1000
Houston, Texas 77027
(713) 403-8000
Internet address: <http://www.willbros.com>

Stock Transfer Agent and Registrar

Mellon Investor Services, L.L.C.
Overpeck Center
85 Challenger Road
Ridgefield Park, New Jersey 07660
Toll free: 1-800-635-9270
Internet address: <http://www.mellon-investor.com>

Independent Auditors

KPMG LLP, Houston, Texas, U.S.A.

	2000		1999	
	HIGH	LOW	HIGH	LOW
First Quarter	\$7 ³ / ₁₆	\$4 ¹ / ₈	\$6 ¹ / ₂	\$4 ⁹ / ₁₆
Second Quarter	\$7 ⁵ / ₈	\$4 ¹ / ₂	\$9	\$5 ⁵ / ₁₆
Third Quarter	\$8 ¹ / ₁₆	\$5 ¹ / ₈	\$8 ³ / ₄	\$6
Fourth Quarter	\$6 ¹⁵ / ₁₆	\$4 ³ / ₈	\$7 ¹ / ₈	\$4 ⁵ / ₈

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

WILLBROS GROUP, INC.**BOARD OF DIRECTORS****Larry J. Bump, 61**

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

Joined Willbros in 1977 as President and Chief Operating Officer. Named Chief Executive Officer in 1980 and elected Chairman of the Board of Directors in 1981. His forty-one year career includes significant U.S. and international pipeline construction management experience. Prior to joining Willbros, managed major international projects in North Africa and the Middle East, and was Chief Executive Officer of a major international pipeline construction company. From 1985 until mid-1988, also served as Chief Executive Officer of a major international marine engineering and construction company, which at that time was a controlling shareholder of Willbros. Mr. Bump served two terms as President of the International Pipeline & Offshore Contractors Association. (1)

Michael F. Curran, 60

*Vice Chairman, President
and Chief Operating Officer
Willbros Group, Inc. and Willbros USA, Inc.*

Joined Willbros in 2000 as Vice Chairman of the Board of Directors, President and Chief Operating Officer. Over 39 years of diversified experience in pipeline construction around the world, including 30 years as President and Chief Executive Officer of various domestic and international pipeline construction firms. Mr. Curran also served as President of the Pipe Line Contractors Association. (1)

Melvin F. Spreitzer, 62

Director and Executive Vice President

Joined Willbros in 1974 as Controller. Named Vice President of Finance in 1978, and Executive Vice President, Chief Financial Officer and Treasurer in 1987. Elected to Board of Directors in 1992. Over 44 years of experience in corporate finance and public accounting. (1,3)

Peter A. Leidel, 44

Director

Elected to the Board of Directors in 1992. Founded in 1997, and is currently a partner in Yorktown Partners, LLC., an investment management company. Previously served as Senior Vice President of Dillon, Read & Co., Inc. Also serves as a Director of Cornell Corrections, Inc. and Carbon Energy Corporation. (2)

Michael J. Pink, 63

Director

Elected to the Board of Directors in 1996. Currently a consultant to oil and gas industry investors. Previous experience includes senior management positions with oil and gas firms, as well as a variety of technical and managerial roles during 30 years with Royal Dutch/Shell Group at various locations around the world. Also serves as a Director of ROXAR ASA, a Norwegian oil and gas technology company and Planet Oil International plc, a newly formed oil exploration company. (5)

James B. Taylor, 62

Director

Elected to the Board of Directors in 1999. Mr. Taylor founded Solana Petroleum Corp., a Canadian-based public oil and gas exploration and production company, in 1997 and served as Chairman of its Board of Directors until December 2000. Prior to 1997, he served for 28 years in worldwide exploration and operations management with Occidental Petroleum Corporation and its operating subsidiaries. (2,3,4)

Guy E. Waldvogel, 64

Director

Elected to the Board of Directors in 1990. Currently serving as Director and Chief Financial Officer of Heerema Holding Construction, Inc., a major marine engineering, fabrication and installation contractor. Formerly Senior Executive Vice President of Societe Generale de Surveillance, a leading international cargo inspection firm. Also serves as a director for Bank Julius Baer and Julius Baer Holding, AG. (2,3,4)

John H. Williams, 82

Director

Elected to the Board of Directors in 1996. Previously Chairman of the Board and Chief Executive Officer of The Williams Companies, Inc. Also serves as a director of Apco Argentina, Inc., Unit Corporation and Westwood Corp., and is an honorary member of the Board of Directors of Williams. (1,3,4,5)

Numbers in Parenthesis Denote Committee Membership

- 1 – Executive Committee
- 2 – Audit Committee
- 3 – Compensation Committee
- 4 – Stock Plan Committee
- 5 – Nominating Committee

MANAGEMENT TEAM

CORPORATE OFFICERS AND EXECUTIVE MANAGEMENT

Larry J. Bump, 61

*Director, Chairman of the Board
and Chief Executive Officer*
Willbros Group, Inc.

Michael F. Curran, 60

*Director, Vice Chairman of the Board,
President and Chief Operating Officer*
Willbros Group, Inc.

Melvin F. Spreitzer, 62

*Director, Executive Vice President
and Chief Financial Officer*
Willbros Group, Inc.

John N. Hove, 53

General Counsel and Corporate Secretary
Willbros Group, Inc.

ADMINISTRATIVE MANAGEMENT

Warren L. Williams, 45

Vice President, Finance and Accounting
Willbros USA, Inc.

Steven B. Hicks, 45

Vice President, Support Services
Willbros USA, Inc.

Alan W. Simpson, 45

Vice President, Business Development
Willbros USA, Inc.

Douglas G. Collins, 39

Corporate Controller
Willbros USA, Inc.

OPERATIONAL MANAGEMENT

John K. Allcorn, 39

Senior Vice President
Willbros International, Inc.

B.L. Smith, 64

Vice President
Willbros International, Inc.

Bradley W. Sitton, 37

Vice President
Willbros International, Inc.

AFRICA

James K. Tillery, 42

Managing Director
Willbros (Nigeria) Limited

EUROPE

Arthur J. West, 57

Managing Director
Willbros (Overseas) Limited

NORTH AMERICA

James R. Beasley, 58

President
Willbros Engineers, Inc.

Curtis E. Simkin, 45

Vice President
Willbros Engineers, Inc.

William R. Phillips, 50

President
Rogers & Phillips, Inc.

Alan G. Owens, 45

Vice President, Operations
Rogers & Phillips, Inc.

MIDDLE EAST

Latif A. Razek, 54

General Manager
The Oman Construction Company, LLC.

SOUTH AMERICA

J. B. Brown, 38

Managing Director
Constructora CAMSA, C.A.



**WILLBROS
GROUP, INC.
CORPORATE OFFICES**

ADMINISTRATIVE OFFICE

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011 (507) 213-0947