

WILLBROS GROUP INC

Form 424B3

May 10, 2007

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**Filed pursuant to Rule 424(b)(3)  
Registration No. 333-135540**

**Prospectus Supplement No. 1  
(To Prospectus dated May 4, 2007)**

**6,468,620  
SHARES  
WILLBROS GROUP, INC.  
COMMON STOCK**

This prospectus supplement No. 1 supplements and amends the prospectus dated May 4, 2007 (the Prospectus ). This prospectus supplement should be read in conjunction with the Prospectus, which is to be delivered with this prospectus supplement.

This prospectus supplement includes the attached Quarterly Report on Form 10-Q (the Form 10-Q ) of Willbros Group, Inc. (the Company ), for the three months ended March 31, 2007, filed by the Company with the Securities and Exchange Commission on May 10, 2007. The exhibits to the Form 10-Q are not included with this prospectus supplement and are not incorporated by reference herein.

**There are significant risks associated with an investment in our securities. These risks are described under the caption Risk Factors beginning on page 6 of the Prospectus, as the same may be updated in prospectus supplements.**

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying Prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

The date of this prospectus supplement is May 10, 2007.

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**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D. C. 20549**

**FORM 10-Q**

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934**

**For the quarterly period ended March 31, 2007**

**OR**

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934**

**For the transition period from \_\_\_\_\_ to \_\_\_\_\_**

**Commission file number 1-11953**

**Willbros Group, Inc.**

(Exact name of registrant as specified in its charter)

**Republic of Panama**

(Jurisdiction of incorporation)

**98-0160660**

(I.R.S. Employer Identification Number)

**Plaza 2000 Building**

**50th Street, 8th Floor**

**P.O. Box 0816-01098**

**Panama, Republic of Panama**

**Telephone No.: +50-7-213-0947**

(Address, including zip code, and telephone number, including  
area code, of principal executive offices of registrant)

**NOT APPLICABLE**

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer  Accelerated Filer  Non-Accelerated Filer

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

The number of shares of the registrant's Common Stock, \$.05 par value, outstanding as of May 1, 2007 was  
26,040,743

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FORM 10-Q  
FOR QUARTER ENDED MARCH 31, 2007**

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ITEM 1. FINANCIAL STATEMENTS****WILLBROS GROUP, INC.  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(In thousands, except share and per share amounts)  
(Unaudited)**

	<b>March 31, 2007</b>	<b>December 31, 2006</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 145,439	\$ 37,643
Accounts receivable, net of allowance of \$697 and \$598	121,168	137,104
Contract cost and recognized income not yet billed	14,142	11,027
Prepaid expenses	28,460	17,299
Parts and supplies inventories	2,267	2,069
Assets of discontinued operations	6,264	294,192
Total current assets	317,740	499,334
Deferred tax assets	7,688	5,064
Property, plant and equipment, net of accumulated depreciation of \$81,436 and \$78,941	65,901	65,347
Goodwill	6,696	6,683
Other assets	12,689	11,826
Total assets	\$ 410,714	\$ 588,254

**LIABILITIES AND STOCKHOLDERS EQUITY**

Current liabilities:		
Notes payable and current portion of long-term debt	\$ 13,016	\$ 5,562
Accounts payable and accrued liabilities	130,603	122,352
Contract billings in excess of cost and recognized income	6,632	14,947
Accrued income tax	3,428	3,556
Liabilities of discontinued operations	3,015	182,092
Total current liabilities	156,694	328,509
2.75% convertible senior notes	70,000	70,000
6.5% senior convertible notes	84,500	84,500
Long-term debt	8,065	7,077
Long-term liability for unrecognized tax benefits	6,649	
Other liabilities	237	237
Total liabilities	326,145	490,323

Contingencies and commitments (Note 11)

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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, 70,000,000 shares authorized;  
26,235,940 shares issued (25,848,596 at December 31, 2006)

Capital in excess of par value

Accumulated deficit

Treasury stock at cost, 196,697 shares (167,844 at December 31, 2006)

Accumulated other comprehensive income

Total stockholders' equity

Total liabilities and stockholders' equity

	1,312	1,292
	218,513	217,036
	(138,819)	(120,603)
	(2,647)	(2,154)
	6,210	2,360

84,569	97,931
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\$ 410,714	\$ 588,254
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See accompanying notes to condensed consolidated financial statements.

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**WILLBROS GROUP, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(In thousands, except share and per share amounts)  
(Unaudited)

	<b>Three Months Ended March</b>	
	<b>31,</b>	
	<b>2007</b>	<b>2006</b>
Contract revenue	\$ 206,709	\$ 107,586
Operating expenses:		
Contract	193,832	101,460
Depreciation and amortization	3,456	3,005
General and administrative	11,425	10,407
	208,713	114,872
Operating loss	(2,004)	(7,286)
Other income (expense):		
Interest net	(890)	(1,636)
Other net	(190)	126
	(1,080)	(1,510)
Loss from continuing operations before income taxes	(3,084)	(8,796)
Provision (benefit) for income taxes	255	(255)
Net loss from continuing operations	(3,339)	(8,541)
Income (loss) from discontinued operations, net of provision for income taxes	(8,508)	3,948
Net loss	\$ (11,847)	\$ (4,593)
Basic loss per common share:		
Loss from continuing operations	\$ (0.13)	\$ (0.40)
Income (loss) from discontinued operations	(0.33)	0.18
Net loss	\$ (0.46)	\$ (0.22)
Diluted loss per common share:		

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Loss from continuing operations	\$	(0.13)	\$	(0.40)
Income (loss) from discontinued operations		(0.33)		0.18
Net loss	\$	(0.46)	\$	(0.22)

Weighted average number of common shares outstanding:

Basic	25,503,652	21,345,530
Diluted	25,503,652	21,345,530

See accompanying notes to condensed consolidated financial statements.



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**WILLBROS GROUP, INC.**  
**CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS EQUITY**  
**AND COMPREHENSIVE INCOME (LOSS)**  
(In thousands, except share amounts)  
(Unaudited)

	Common Stock		Capital	Accumu-	Treasury	Accumulated	Total
	Shares	Par Value	in Excess of Par Value	lated Deficit	Stock	Other Comprehensive Income (Loss)	Stockholders Equity
Balance, January 1, 2007	25,848,596	\$ 1,292	\$ 217,036	\$ (120,603)	\$ (2,154)	\$ 2,360	\$ 97,931
Cumulative effect of adoption of FIN 48				(6,369)			(6,369)
Balance, January 1, 2007, as adjusted	25,848,596	1,292	217,036	(126,972)	(2,154)	2,360	91,562
Comprehensive loss:							
Net loss				(11,847)			(11,847)
Realization of loss on sale of Nigeria						3,773 <sup>(1)</sup>	3,773
Foreign currency translation adjustment						77	77
Total comprehensive loss							(7,997)
Deferred compensation			987				987
Restricted stock grants	342,011	17	(17)				
Vesting of restricted stock rights	9,583	1	(1)				
Additions to treasury stock, vesting restricted stock					(493)		(493)
Exercise of stock options	35,750	2	519				521
Additional cost of private placement of equity			(11)				(11)
Balance, March 31, 2007	26,235,940	\$ 1,312	\$ 218,513	\$ (138,819)	\$ (2,647)	\$ 6,210	\$ 84,569

See accompanying notes to condensed consolidated financial statements.

- (1) Removal of previously recorded foreign currency translation adjustments associated with the Company's Nigeria operations.

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

	<b>Three Months Ended March 31,</b>	
	<b>2007</b>	<b>2006</b>
Cash flows from operating activities:		
Net loss	\$ (11,847)	\$ (4,593)
Reconciliation of net loss to net cash provided by (used in) operating activities:		
(Income) loss from discontinued operations	8,508	(3,948)
Depreciation and amortization	3,456	3,005
Amortization of debt issue costs	519	434
Amortization of deferred compensation	987	864
Amortization of discount on notes receivable for stock purchases		(4)
Loss (gain) on retirements of property, plant and equipment	82	(262)
Provision for bad debts	142	35
Deferred income tax provision	(2,624)	(5,830)
Changes in operating assets and liabilities:		
Accounts receivable	13,076	9,559
Contract cost and recognized income not yet billed	(3,108)	(4,937)
Prepaid expenses	(1,110)	1,486
Parts and supplies inventories	(195)	162
Other assets	(1,116)	(516)
Accounts payable and accrued liabilities	(5,866)	(51)
Accrued income tax	(140)	4,004
Contract billings in excess of cost and recognized income	(8,384)	(1,646)
Long-term liability for unrecognized tax benefits	280	
Other liabilities		504
Cash used in operating activities of continuing operations	(7,340)	(1,734)
Cash used in operating activities of discontinued operations	(9,650)	(27,284)
Cash used in operating activities	(16,990)	(29,018)
Cash flows from investing activities:		
Proceeds from sale of discontinued operations, net	130,568	25,082
Proceeds from sale of property, plant and equipment	46	208
Purchases of property, plant and equipment	(1,826)	(3,563)
Increase in restricted cash		(4,064)
Cash provided by investing activities of continuing operations	128,788	17,663
Cash used in investing activities of discontinued operations		(2,150)
Cash provided by investing activities	128,788	15,513
Cash flows from financing activities:		
Proceeds from issuance of common stock, net	510	167
Proceeds from issuance of 6.5% senior convertible notes		19,500
Repayment of notes payable	(3,261)	(1,673)

Payments on capital leases	(676)	
Acquisition of treasury stock	(493)	(383)
Costs of debt issues	(265)	(2,991)
Repayments of long-term debt		(39)

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**WILLBROS GROUP, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)**  
**(In thousands)**  
**(Unaudited)**

	<b>Three Months Ended March 31,</b>	
	<b>2007</b>	<b>2006</b>
Cash provided by (used in) financing activities of continuing operations	\$ (4,185)	\$ 14,581
Cash provided by (used in) financing activities of discontinued operations		
Cash provided by (used in) financing activities	(4,185)	14,581
Effect of exchange rate changes on cash and cash equivalents	183	40
Cash provided by all activities	107,796	1,116
Cash and cash equivalents, beginning of period	37,643	55,933
Cash and cash equivalents, end of period	\$ 145,439	\$ 57,049
 Supplemental cash flow information:		
Cash paid for interest (including discontinued operations)	\$ 1,229	\$ 804
Cash paid for income taxes (including discontinued operations)	\$ 2,557	\$ 5,580
 Non-cash investing and financing transactions (all related to continuing operations):		
Prepaid insurance obtained by note payable	\$ 10,051	\$ 9,385
Receivable obtained by sale of discontinued operations	\$ 2,625	\$
Property and equipment obtained by capital lease	\$ 2,233	\$
See accompanying notes to condensed consolidated financial statements.		

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

**1. Basis of Presentation**

The preceding Condensed Consolidated Balance Sheet as of December 31, 2006, which has been derived from audited consolidated financial statements, and the preceding unaudited interim Condensed Consolidated Financial Statements as of March 31, 2007, have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. As of March 31, 2007, certain information and note disclosures normally included in annual financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to those rules and regulations, although the Company believes that the disclosures made are adequate to make the information not misleading.

The unaudited Condensed Consolidated Financial Statements of Willbros Group, Inc. and its majority-owned subsidiaries (the Company) reflect all adjustments (consisting of normal recurring adjustments) which are, in the opinion of management, necessary to present fairly the financial position as of March 31, 2007, and the results of operations and cash flows of the Company for all interim periods presented.

These Condensed Consolidated Financial Statements should be read in conjunction with the Company's audited consolidated financial statements and notes thereto contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2006. The results of operations and cash flows for the three months ended March 31, 2007 are not necessarily indicative of the operating results and cash flows to be achieved for the full year.

The Condensed Consolidated Financial Statements include certain estimates and assumptions by management. These estimates and assumptions relate to the reported amounts of assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenue and expense during the periods. Significant items subject to such estimates and assumptions include the carrying amount of property, plant and equipment, goodwill and parts and supplies inventories; quantification of amounts recorded for contingencies, tax accruals and certain other accrued liabilities; valuation allowances for accounts receivable and deferred income tax assets; and revenue recognition under the percentage-of-completion method of accounting including estimates of progress toward completion and estimates of gross profit or loss on contracts in progress. The Company bases its estimates on historical experience and other assumptions that it believes relevant under the circumstances. Actual results could differ from those estimates. Certain prior period amounts have been reclassified to be consistent with the current presentation.

As discussed in Note 3 Discontinuance of Operations, Asset Disposals, and Transition Services Agreement, the Company sold its assets and operations in Nigeria on February 7, 2007. Accordingly, these Condensed Consolidated Financial Statements reflect these operations as discontinued operations in all periods presented. The disclosures in the Notes to the Condensed Consolidated Financial Statements relate to continuing operations except as otherwise indicated.

Cash and cash equivalents includes \$10,000 of cash required as a minimum balance as stipulated by the 2006 Credit Facility. See Note 5 Long-term Debt.

Cash Flows From Investing Activities The \$25,082 proceeds from sale of the TXP-4 Plant received in the quarter ended March 31, 2006 has been reclassified to cash provided by investing activities of continuing operations. It was previously shown as investing activities of discontinued operations.

Inventories consisting of parts and supplies, are stated at the lower of cost or market. Cost is determined using the first-in, first-out ( FIFO ) method. Parts and supplies inventories are evaluated at least annually and adjusted for excess and obsolescence. Net of any reserve for obsolescence the Company's continuing operations carried inventory balances of \$2,267 and \$2,069 at March 31, 2007 and December 31, 2006, respectively. Discontinued operations had parts and supplies of \$0 and \$21,645 at March 31, 2007 and December 31, 2006, respectively.

**2. New Accounting Pronouncements**

*FIN 48*

In June 2006, the Financial Accounting Standards Board ( FASB ) issued FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes an interpretation of FASB Statement 109 ( FIN 48 ). The

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

**2. New Accounting Pronouncements (continued)**

Company adopted FIN 48 on January 1, 2007. FIN 48 establishes a single model to address accounting for uncertain tax positions. FIN 48 clarifies the accounting for income taxes by prescribing a minimum recognition threshold that a tax position is required to meet before being recognized in the financial statements. FIN 48 also provides guidance on deregulation, measurement classification, interest and penalties, accounting in interim periods, disclosure and transition.

The Company or one of its subsidiaries files income tax returns in the U.S. federal jurisdiction, and various state and foreign jurisdictions. With few exceptions, the Company is no longer subject to U.S. income tax by tax authorities for years before 2003. The Company is no longer subject to Canadian income tax for years before 2001 or in Oman for years before 2005.

As a result of the implementation of FIN 48, the Company recognized a \$6,369 increase in the liability for unrecognized tax benefits, which was accounted for as an increase to the January 1, 2007 accumulated deficit. A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

Effect of adopting FIN 48 at January 1, 2007	\$ 6,369
Income tax liabilities recognized prior to adoption of FIN 48	158
Additions based on tax positions related to the current year	31
Additions for tax positions of prior years	91
Balance at March 31, 2007	\$ 6,649

The Company recognizes interest and penalties accrued related to unrecognized tax benefits in income tax expense. The Company has recognized interest and penalties in its cumulative adjustment to the beginning accumulated deficit in the amount of \$568. During the three months ended March 31, 2007, the Company recognized \$91 of interest and penalties in income tax expense primarily related to tax positions taken in prior years. Interest and penalties are included in the table above.

*FSP AUG AIR-1*

In September 2006, the FASB issued FASB Staff Position AUG AIR-1, Accounting for Planned Major Maintenance Activities ( FSP AUG AIR-1 ). FSP AUG AIR-1 amends the guidance on the accounting for planned major maintenance activities; specifically it precludes the use of the previously acceptable accrue in advance method. FSP AUG AIR-1 is effective for fiscal years beginning after December 15, 2006. The implementation of this standard did not have a material impact on the Company's consolidated financial statements.

*SFAS No. 157*

In September 2006, the FASB issued SFAS No. 157, Fair Value Measurements ( SFAS No. 157 ). SFAS No. 157 clarifies the principle that fair value should be based on the assumptions market participants would use when pricing an asset or liability and establishes a fair value hierarchy that prioritizes the information used to develop those assumptions. SFAS No. 157 is effective for the Company's fiscal year beginning January 1, 2008. The Company is currently evaluating what impact, if any, this statement will have on its consolidated financial statements.

*SAB 108*

In September 2006, the Securities Exchange Commission issued Staff Accounting Bulletin No. 108, Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in the Current Year Financial Statements ( SAB 108 ). SAB 108 requires companies to quantify misstatements using both the balance sheet and income statement approaches and to evaluate whether either approach results in an error that is material in light of relevant quantitative and qualitative factors. SAB 108 also requires the effects of prior year uncorrected misstatements to be considered when assessing the materiality of misstatements in current-year financial statements. If upon initial



adoption, the cumulative effect of the misstatements is determined to be material using the new guidance of SAB 108, companies are allowed to record the effects as a cumulative effect adjustment to beginning of year retained earnings. SAB 108 became effective for the Company's fiscal year ended December 31, 2006. There was no cumulative effect adjustment required, and at March 31, 2007 no misstatements requiring correction have been discovered.

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

**2. New Accounting Pronouncements (continued)***SFAS No. 159*

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities* ( SFAS No. 159 ). SFAS No. 159 permits entities to choose to measure many financial assets and financial liabilities at fair value. Unrealized gains and losses on items for which the fair value option has been elected are reported in earnings. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007. The Company is currently evaluating what impact, if any, this statement will have on its consolidated financial statements.

**3. Discontinuance of Operations, Asset Disposals, and Transition Services Agreement****Strategic Decisions**

In 2006, the Company announced that it intended to sell the TXP-4 Plant, and its assets and operations in Venezuela and Nigeria, which led to their classification as discontinued operations ( Discontinued Operations ). The net assets and net liabilities related to the Discontinued Operations are shown on the Condensed Consolidated Balance Sheets as Assets of Discontinued Operations and Liabilities of discontinued operations, respectively. The results of the Discontinued Operations are shown on the Condensed Consolidated Statements of Operations as Income (loss) from discontinued operations, net of provision for income taxes for all periods shown.

**Nigeria***Business Disposal*

On February 7, 2007, the Company completed the sale of its Nigeria assets and operations to Ascot Offshore Nigeria Limited ( Ascot ), a Nigerian energy services company, for total consideration of \$155,250. The sale was pursuant to a Share Purchase Agreement by and between the Company and Ascot dated as of February 7, 2007 (the Agreement ), providing for the purchase by Ascot of all of the share capital of WG Nigeria Holdings Limited ( WGNHL ) the holding company for Willbros West Africa, Inc., Willbros (Nigeria) Limited, Willbros (Offshore) Nigeria Limited and WG Nigeria Equipment Limited.

Under the terms of the Agreement, Ascot paid the purchase price of \$155,250 by making cash payments of \$16,000 in December 2006, \$134,000 on February 7, 2007, and \$2,625 on February 12, 2007. The remaining balance of \$2,625 is in the form of a non-interest-bearing note (the Ascot Note ) which is due no later than August 1, 2007. The Ascot Note is secured by the guarantee of Ascot's parent company, Berkeley Group plc ( Berkeley ), a company organized under the laws of the Federal Republic of Nigeria. The total cost of the transaction, including the \$10,500 buyout of the minority interests that were subsequently sold to Ascot as part of the sale transaction, is estimated to be approximately \$16,000. At March 31, 2007, \$6,057 of the estimated transaction costs had been paid, and the remainder were accrued and charged against the gain on the sale.

The final net proceeds to the Company are subject to certain post-closing working capital adjustments and claims as provided by the Agreement. Under the Agreement, the Company's obligation for any claims by Ascot, that were not previously disclosed to Ascot, are limited to 10 percent of the purchase price and such claim must be made within one year from the date of the Agreement except for any claim that may arise in the United States that is related to SEC and DOJ investigations described in Note 11 Contingencies, Commitments and Other Circumstances. While the final adjustments to the Agreement will not be determined for several months, the Company has recognized a gain of \$2,345 on the disposition.

In connection with the sale of its Nigeria assets and operations, the Company and its subsidiary Willbros International, Inc. ( WII ) entered into an indemnity agreement with Ascot and Berkeley (the Indemnity Agreement ), pursuant to which Ascot and Berkeley will indemnify the Company and WII for any obligations incurred by the Company or WII in connection with the parent company performance guarantees (the Guarantees ) that the Company and WII previously issued and maintained on behalf of certain former subsidiaries now owned by Ascot under certain working contracts between the subsidiaries and their customers. The Company and WII are contractually obligated under the Guarantees to perform or cause to be performed work related to several ongoing projects in Nigeria. Among

the Guarantees covered by the Indemnity Agreement are five contracts under which the Company estimates that, at February 7, 2007, there was aggregate remaining contract revenue, excluding any additional claim revenue, of \$352,107 and aggregate cost to complete of \$293,562. At the February 7, 2007 sale date, one of the contracts covered by the Guarantees was estimated to be in a loss

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

**3. Discontinuance of Operations, Asset Disposals, and Transition Services Agreement (continued)**

position with an accrual for such loss in the amount of \$33,157. The associated liability was included in the liabilities acquired by Ascot.

At March 31, 2007, the Company had \$20,322 of letters of credit outstanding associated with Discontinued Operations. In accordance with FASB Interpretation No. 45, *Guarantors Accounting and Disclosure Requirements for Guarantors, Including Indirect Guarantees of Indebtedness of Others* (FIN 45), a liability has been recognized for the full amount of the letters of credit offset by a corresponding reduction to the gain on the sale of Nigeria. In accordance with the Agreement, these letters of credit are backstopped by an equivalent amount of letters of credit issued by Intercontinental Bank Plc, a Nigerian bank. These backstop letters of credit provide security to the Company in the event any of the Company's outstanding letters of credit are called. The letters of credit are scheduled to expire in the amount of \$440 on December 19, 2007, \$19,759 on August 31, 2008, and \$123 on February 28, 2009.

*Transition Services Agreement*

Additionally, on February 7, 2007 the Company through its subsidiary, Willbros International Services (Nigeria) Limited (WISNL), entered into a transition services agreement with Ascot (the TSA). Pursuant to the TSA, WISNL agreed to provide certain support services to Ascot for up to two years. These services are related primarily to providing equipment and personnel. In order to provide these transition services the Company has seconded 365 of its employees to Ascot. Of these employees 308 are expatriates and third-country nationals who work in Nigeria, while the remaining 57 are project support personnel located in Houston, Texas. The seconded employees in Nigeria are all performing project related services at the direction of Ascot. The seconded employ