WILLBROS GROUP INC
Form 424B3
May 10, 2007

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Filed pursuant to Rule 424(b)(3)
Registration No. 333-139499

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

4,280,714
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)

þ **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

o **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	**98-0160660**
(Jurisdiction of incorporation)	(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 þ No o

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 o Accelerated Filer þ Non-Accelerated Filer o

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

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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PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

WILLBROS GROUP, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share amounts)
(Unaudited)

	March 31, 2007	December 31, 2006
ASSETS		
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)		

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)	1,312	1,292
Capital in excess of par value	218,513	217,036
Accumulated deficit	(138,819)	(120,603)
Treasury stock at cost, 196,697 shares (167,844 at December 31, 2006)	(2,647)	(2,154)
Accumulated other comprehensive income	6,210	2,360
Total stockholders equity	84,569	97,931
Total liabilities and stockholders equity	$ 410,714	$ 588,254

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)

	Three Months Ended March 31,	
	2007	**2006**
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:		

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 in Excess of Par	Accumulated	Treasury	Accumulated Other Comprehensive Income	Total Stockholders
	Shares	Par Value	Value	Deficit	Stock	(Loss)	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(1)	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)

	Three Months Ended March 31, 2007	Three Months Ended March 31, 2006
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)

	Three Months Ended March 31,	
	2007	**2006**
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.

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 employees in Houston are providing project management and general administrative services at the direction of Ascot.

Although the services provided under the TSA generate continuing cash flow between the Company and Ascot, the amounts are not considered to be significant. Additionally, the Company expects the level of cash flow to decrease over the life of the TSA as the services provided by Willbros shifts to direct services secured by Ascot. The Company does not have the ability to significantly influence the operating or financial policies of Ascot. Under the provisions of EITF 03-13, Applying the Conditions of Paragraph 42 of FASB Statement No. 144 in Determining Whether to Report Discontinued Operations, the Company has no significant continuing involvement in the operations of the former assets and operations owned in Nigeria. Accordingly, income generated by the TSA is shown, net of costs incurred, as a component of Income (loss) from discontinued operations, net of provision for income taxes on the Condensed Consolidated Statement of Operations and assets and liabilities are shown as Assets of discontinued operations and Liabilities of discontinued operations , respectively, in the Condensed Consolidated Balance Sheets. The equipment provided under the TSA includes Company-owned and leased construction equipment being used by Ascot in Nigeria with an estimated fair value of between $10,000 and $13,000.

Venezuela

Business Disposal

On November 28, 2006 the Company completed the sale of its assets and operations in Venezuela. The Company received total compensation of $7,000 in cash and $3,300 in the form of a commitment from the buyer, to be paid on or before December 4, 2013. This commitment is related to the Venezuelan operation s 10 percent interest in the Harwat joint venture, and the Company is to be paid by receipt of any distributions from Harwat to its joint venture partners. As of March 31, 2007, no distributions have yet been made. The Company estimates no gain or loss on the sale of its assets and operations in Venezuela.

TXP-4 Plant

Asset Disposal

On January 12, 2006, the Company completed the sale of its TXP-4 Plant. The Company received cash payments of $27,944 for the sale and realized a gain of $1,342, net of taxes of $691, reflected as a component of the Income (loss) from discontinued operations, net of provision for income taxes on the Condensed Consolidated Statement of

Operations.

In addition to the cash payments described above, Williams Field Services Company (Williams) agreed to pay the Company a portion of any recovery that Williams may obtain based on damages, loss or injury related to the TXP-4 Plant up to $3,400. This settlement is contingent upon Williams recovery from various third parties and is the only ongoing potential source of cash flows subsequent to the sale date. The timing and amount of any resolution to these claims cannot be estimated.

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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)

Results of Discontinued Operations

Condensed Statements of Operations of Discontinued Operations are as follows:

	Three Months Ended March 31, 2007				
	Nigeria (1)	Nigeria TSA	Venezuela	Opal TXP-4	Discontinued Operations
Contract revenue	$ 30,046	$ 6,362	$	$	$ 36,408
Operating expenses:					
Contract	34,360	5,864			40,224
Depreciation and amortization					
General and administrative	3,472	95			3,567
	37,832	5,959			43,791
Operating income (loss)	(7,786)	403			(7,383)
Other income	216				216
Income (loss) before income taxes	(7,570)	403			(7,167)
Provision for income taxes	1,092	249			1,341
Net income (loss)	$ (8,662)	$ 154	$	$	$ (8,508)

(1) Reflects operations through February 7, 2007.

	Three Months Ended March 31, 2006				
	Nigeria	Nigeria TSA	Venezuela	Opal TXP-4	Discontinued Operations
Contract revenue	$ 140,829	$	$ 81	$	$ 140,910
Operating expenses:					
Contract	125,306		361		125,667
Depreciation and amortization	1,949		221		2,170
General and administrative	5,162		82		5,244

	132,417		664		133,081
Operating income (loss)	8,412		(583)		7,829
Other income	224		85	2,033	2,342
Income (loss) before taxes	8,636		(498)	2,033	10,171
Provision for income taxes	5,524		8	691	6,223
Net income (loss)	$ 3,112	$	$ (506)	$ 1,342	$ 3,948

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

Financial Position of Discontinued Operations

Condensed Balance Sheets of Discontinued Operations are as follows:

	March 31, 2007				
	Nigeria	Nigeria TSA	Venezuela	Opal TXP-4	Discontinued Operations
Current assets:					
Cash and cash equivalents	$	$ 1,873	$	$	$ 1,873
Accounts receivable, net		4,391			4,391
Contract cost and recognized income not yet billed					
Prepaid expenses					
Parts and supplies inventories					
Total current assets		6,264			6,264
Property, plant and equipment, net					
Investments in joint ventures					
Other assets					
Total assets		6,264			6,264
Current liabilities		1,015			1,015
Advances		2,000			2,000
Total current liabilities		3,015			3,015
Net assets of discontinued operations	$	$ 3,249	$	$	$ 3,249

	December 31, 2006				
	Nigeria	Nigeria TSA	Venezuela	Opal TXP-4	Discontinued Operations
Current assets:					
Cash and cash equivalents	$ 12,964	$	$	$	$ 12,964
Restricted cash	36,683				36,683
Accounts receivable, net	76,673				76,673
Contract cost and recognized income not yet billed	79,364				79,364
Prepaid expenses	16,017				16,017
Parts and supplies inventories	21,645				21,645

Total current assets	243,346				243,346
Property, plant and equipment, net	50,723				50,723
Other assets	123				123
Total assets	294,192				294,192
Current liabilities	148,135				148,135
Loss provision on contracts	33,957				33,957
Total current liabilities	182,092				182,092
Net assets of discontinued operations	$ 112,100	$	$	$	$ 112,100

Cash

Nigeria had restricted cash of $36,683 on December 31, 2006. The December 31, 2006 balance was in a consortium bank account that required the approval of the Company and its consortium partner to disburse funds. Additionally, cash and cash equivalents for Nigeria contained $9,482 at December 31, 2006 that was designated for use by specific projects.

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

Inventory

Nigeria had parts and supplies inventories of $21,645 net of reserves of $12,159 at December 31, 2006.

Loss Provision on Contracts

The Company had recognized $33,957 of estimated losses related to two projects in Nigeria as of December 31, 2006.

Contingencies, Commitments and Other Circumstances

At December 31, 2006, other assets and accounts receivable of the Discontinued Operations include anticipated recoveries from insurance or third parties of $1,191, primarily related to the repair of Nigeria pipelines. The Company believes the recovery of these costs from insurance or other parties is probable. Actual recoveries may vary from these estimates.

4. Contracts in Progress

Contract costs and recognized income not yet billed on uncompleted contracts arise when revenues have been recorded but the amounts cannot be billed under the terms of the contracts. Such amounts are recoverable from customers upon various measures of performance, including achievement of certain milestones, completion of specified units or completion of the contract. Also included in contract cost and recognized income not yet billed on uncompleted contracts are amounts the Company seeks to collect from customers for change orders approved in scope but not for price associated with that scope change (unapproved change orders). Revenue for these amounts are recorded equal to cost incurred when realization of price approval is probable and the estimated amount is equal to or greater than the Company s cost related to the unapproved change order. Unapproved change orders involve the use of estimates, and it is reasonably possible that revisions to the estimated recoverable amounts of recorded unapproved change orders may be made in the near-term. If the Company does not successfully resolve these matters, a net expense (recorded as a reduction in revenues), may be required, in addition to amounts that have been previously provided for.

Contract cost and recognized income not yet billed, and related amounts billed, as of March 31, 2007 and December 31, 2006 was as follows:

	March 31, 2007	December 31, 2006
Costs incurred on contracts in progress	$ 391,375	$ 188,030
Recognized income	19,391	12,039
	410,766	200,069
Progress billings and advance payments	(403,256)	(203,989)
	$ 7,510	$ (3,920)
Contract cost and recognized income not yet billed	$ 14,142	$ 11,027
Contract billings in excess of cost and recognized income	(6,632)	(14,947)
	$ 7,510	$ (3,920)

Contract cost and recognized income not yet billed includes $0 and $1,191 at March 31, 2007 and December 31, 2006, respectively, on completed contracts.

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5. Long-term Debt

Long-term debt as of March 31, 2007 and December 31, 2006 were as follows:

	March 31, 2007	December 31, 2006
6.5% senior convertible notes	$ 84,500	$ 84,500
2.75% convertible senior notes	70,000	70,000
Capital lease obligations	13,166	11,601
Other obligations	123	51
2006 Credit Facility		
Total debt	167,789	166,152
Less current portion	(5,224)	(4,575)
Long-term debt	$ 162,565	$ 161,577

2006 Credit Facility

On October 27, 2006, Willbros USA, Inc., a wholly-owned subsidiary of the Company, entered into a new $100,000 three-year senior secured synthetic credit facility (the 2006 Credit Facility) with a group of lenders led by Calyon New York Branch (Calyon). The 2006 Credit Facility replaces the Company s 2004 Credit Facility. The Company may elect to increase the total capacity under the 2006 Credit Facility to $150,000, with Calyon s consent. The Company currently has a commitment from Calyon, which expires August 7, 2007, to underwrite an increase to the 2006 Credit Facility by $25,000 subject to certain terms and conditions. The Company will increase the 2006 Credit Facility only if it has requirements to issue letters of credit in excess of $100,000. The 2006 Credit Facility may be used for standby and commercial letters of credit, borrowings or a combination thereof. Borrowings, which may be made up to $25,000 less the amount of any letter of credit advances or financial letters of credit, must be repaid at least once a year and no new revolving advances may be made for a period of 10 consecutive business days thereafter.

Fees payable under the 2006 Credit Facility include a facility fee at a rate per annum equal to 5.0 percent of the 2006 Credit Facility capacity, payable quarterly in arrears (the facility fee will be reduced to 2.75 percent if the Company obtains a rating from S&P and Moody s greater than B and B2, respectively), and a letter of credit fee equal to 0.125 percent per annum of aggregate commitments. Interest on any borrowings is payable quarterly in arrears at the adjusted base rate minus 1.00 percent or at a Eurodollar rate at the Company s option. The 2006 Credit Facility is collateralized by substantially all of the Company s assets, including stock of the Company s principal subsidiaries. The Company may not make any acquisitions involving cash consideration in excess of $5,000 in any 12-month period and $10,000 in the aggregate, without the approval of a majority of the lenders under the 2006 Credit Facility. The 2006 Credit Facility contains a requirement for the maintenance of a $10,000 minimum cash balance, prohibits the payment of cash dividends and includes customary affirmative and negative covenants, such as limitations on the creation of certain new indebtedness and liens, restrictions on certain transactions and payments and maintenance of a maximum senior leverage ratio, a minimum fixed charge coverage ratio and minimum tangible net worth requirement. A default may be triggered by events such as a failure to comply with financial covenants or other covenants, a failure to make payments when due, a failure to make payments when due in respect of or a failure to perform obligations

relating to debt obligations in excess of $5,000, a change of control of the Company or certain insolvency proceedings as defined by the 2006 Credit Facility. The 2006 Credit Facility is guaranteed by the Company and certain other subsidiaries. Unamortized costs associated with the creation of the 2006 Credit Facility total $2,045 and $1,986 and are included in other assets at March 31, 2007 and December 31, 2006, respectively. Because the 2006 Credit Facility has only been used to provide letters of credit, these costs are being amortized to general and administrative expense over the three-year term of the credit facility ending October 2009.

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5. Long -term Debt (continued)

As of March 31, 2007, there were no borrowings outstanding under the 2006 Credit Facility and there were $78,787 in outstanding letters of credit, consisting of $58,465 issued for projects in continuing operations and $20,322 issued for projects related to Discontinued Operations. As of December 31, 2006, there were no borrowings outstanding under the 2006 Credit Facility and there were $64,545 in outstanding letters of credit, consisting of $41,920 issued for projects in continuing operations and $22,625 issued for projects related to Discontinued Operations.

6.5% Senior Convertible Notes

On December 22, 2005, the Company entered into a purchase agreement (the Purchase Agreement) for a private placement of $65,000 aggregate principal amount of its 6.5% Senior Convertible Notes due 2012 (the 6.5% Notes). The private placement closed on December 23, 2005. During the first quarter of 2006, the initial purchasers of the 6.5% Notes exercised their options to purchase an additional $19,500 aggregate principal amount of the 6.5% Notes. Collectively, the primary offering and the purchase option of the 6.5% Notes total $84,500. The net proceeds of the offering were used to retire existing indebtedness and provide additional liquidity to support working capital needs.

The 6.5% Notes are governed by an indenture, dated December 23, 2005, that was entered into by and among the Company, as issuer, Willbros USA, Inc., as guarantor (WUSAI), and The Bank of New York Mellon Corporation, as Trustee (the Indenture), and were issued under the Purchase Agreement by and among the Company and the initial purchasers of the 6.5% Notes (the Purchasers), in a transaction exempt from the registration requirements of the Securities Act of 1933, as amended (the Securities Act).

Pursuant to the Purchase Agreement, the Company and WUSAI have agreed to indemnify the Purchasers, their affiliates and agents, against certain liabilities, including liabilities under the Securities Act. The 6.5% Notes are convertible into shares of the Company s common stock at a conversion rate of 56.9606 shares of common stock per $1,000.00 principal amount of notes (representing a conversion price of approximately $17.56 per share resulting in 4,813,171 shares at March 31, 2007), subject to adjustment in certain circumstances. The 6.5% Notes are general senior unsecured obligations. Interest is due semi-annually on June 15 and December 15, and began on June 15, 2006.

The 6.5% Notes mature on December 15, 2012 unless the notes are repurchased or converted earlier. The Company does not have the right to redeem the 6.5% Notes. The holders of the 6.5% Notes have the right to require the Company to purchase the 6.5% Notes for cash, including unpaid interest, on December 15, 2010. The holders of the 6.5% Notes also have the right to require the Company to purchase the 6.5% Notes for cash upon the occurrence of a fundamental change, as defined in the Indenture. In addition to the amounts described above, the Company will be required to pay a make-whole premium to the holders of the 6.5% Notes who elect to convert their notes into the Company s common stock in connection with a fundamental change. The make-whole premium is payable in additional shares of common stock and is calculated based on a formula with the premium ranging from 0 percent to 28.0 percent depending on when the fundamental change occurs and the price of the Company s stock at the time the fundamental change occurs.

Upon conversion of the 6.5% Notes, the Company has the right to deliver, in lieu of shares of its common stock, cash or a combination of cash and shares of its common stock. Under the Indenture, the Company is required to notify holders of the 6.5% Notes of its method for settling the principal amount of the 6.5% Notes upon conversion. This notification, once provided, is irrevocable and legally binding upon the Company with regard to any conversion of the 6.5% Notes. On March 21, 2006, the Company notified holders of the 6.5% Notes of its election to satisfy its conversion obligation with respect to the principal amount of any 6.5% Notes surrendered for conversion by paying the holders of such surrendered 6.5% Notes 100 percent of the principal conversion obligation in the form of common stock of the Company. Until the 6.5% Notes are surrendered for conversion, the Company will not be required to notify holders of its method for settling the excess amount of the conversion obligation relating to the amount of the conversion value above the principal amount, if any. In the event of a default of $10,000 or more on any credit

agreement, including the 2006 Credit Facility and the 2.75% Notes, a

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5. Long-term Debt (continued)

corresponding event of default would result under the 6.5% Notes. Unamortized debt issuance costs of $3,919 and $4,103 associated with the 6.5% Notes are included in other assets at March 31, 2007 and December 31, 2006, respectively, and are being amortized over the seven-year period ending December 2012.

2.75% Convertible Senior Notes

On March 12, 2004, the Company completed a primary offering of $60,000 of 2.75% Convertible Senior Notes (the 2.75% Notes). On April 13, 2004, the initial purchasers of the 2.75% Notes exercised their option to purchase an additional $10,000 aggregate principal amount of the notes. Collectively, the primary offering and purchase option of the 2.75% Notes totaled $70,000. The 2.75% Notes are general senior unsecured obligations. Interest is paid semi-annually on March 15 and September 15 and payments began on September 15, 2004. The 2.75% Notes mature on March 15, 2024 unless the notes are repurchased, redeemed or converted earlier. The Company may redeem the 2.75% Notes for cash on or after March 15, 2011, at 100 percent of the principal amount of the notes plus accrued interest. The holders of the 2.75% Notes have the right to require the Company to purchase the 2.75% Notes, including unpaid interest, on March 15, 2011, 2014, and 2019 or upon a change of control related event. On March 15, 2011 or upon a change in control event, the Company must pay the purchase price in cash. On March 15, 2014 and 2019, the Company has the option of providing its common stock in lieu of cash or a combination of common stock and cash to fund purchases. The holders of the 2.75% Notes may, under certain circumstances, convert the notes into shares of the Company s common stock at an initial conversion ratio of 51.3611 shares of common stock per $1,000.00 principal amount of notes (representing a conversion price of approximately $19.47 per share resulting in 3,595,277 shares at March 31, 2007 subject to adjustment in certain circumstances). The notes will be convertible only upon the occurrence of certain specified events including, but not limited to, if, at certain times, the closing sale price of the Company s common stock exceeds 120 percent of the then current conversion price, or $23.36 per share, based on the initial conversion price. In the event of a default under any Company credit agreement other than the indenture covering the 2.75% Notes, (1) in which the Company fails to pay principal or interest on indebtedness with an aggregate principal balance of $10,000 or more; or (2) in which indebtedness with a principal balance of $10,000 or more is accelerated, an event of default would result under the 2.75% Notes.

On June 10, 2005, the Company received a letter from a law firm representing an investor claiming to be the owner of in excess of 25 percent of the 2.75% Notes asserting that, as a result of the Company s failure to timely file with the SEC its 2004 Form 10-K and its Quarterly Report on Form 10-Q for the quarter ended March 31, 2005, it was placing the Company on notice of an event of default under the indenture dated as of March 12, 2004 between the Company, as issuer, and JPMorgan Chase Bank, N.A., as trustee (the Indenture), which governs the 2.75% Notes. The Company indicated that it did not believe that it had failed to perform its obligations under the relevant provisions of the Indenture referenced in the letter. On August 19, 2005, the Company entered into a settlement agreement with the beneficial owner of the 2.75% Notes on behalf of whom the notice of default was sent, pursuant to which the Company agreed to use commercially reasonable efforts to solicit the requisite vote to approve an amendment to the Indenture (the Indenture Amendment). The Company obtained the requisite vote and on September 22, 2005, the Indenture Amendment became effective.

The Indenture Amendment extended the initial date on or after which the 2.75% Notes may be redeemed by the Company to March 15, 2013 from March 15, 2011. In addition, a new provision was added to the Indenture which requires the Company, in the event of a fundamental change which is a change of control event in which 10 percent or more of the consideration in the transaction consists of cash, to make a coupon make-whole payment equal to the present value (discounted at the U.S. treasury rate) of the lesser of (a) two years of scheduled payments of interest on the 2.75% Notes or (b) all scheduled interest on the 2.75% Notes from the date of the transaction through March 15, 2013. Unamortized debt issue costs of $2,045 and $2,175 associated with the 2.75% Notes are included in other assets at March 31, 2007 and December 31, 2006, respectively, and are being amortized over the seven-year period ending

March 2011.

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5. Long-term Debt (continued)

2004 Credit Facility

On March 12, 2004, the existing $125,000 June 2002 credit agreement with Calyon was amended, restated and increased to $150,000 (the 2004 Credit Facility). The 2004 Credit Facility would have matured on March 12, 2007 but was replaced on October 27, 2006 by the 2006 Credit Facility (See 2006 Credit Facility above). The 2004 Credit Facility was available for standby and commercial letters of credit, borrowings or a combination thereof. Borrowings were limited to the lesser of 40 percent of the borrowing base or $30,000. Interest was payable quarterly at a base rate plus a margin ranging from 0.75 percent to 2.00 percent or on a Eurodollar rate plus a margin ranging from 1.75 percent to 3.00 percent. The 2004 Credit Facility was collateralized by substantially all of the Company s assets, including stock of the Company s principal subsidiaries, prohibited the payment of cash dividends and required the Company to maintain certain financial ratios. The borrowing base was 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.

During the period from August 6, 2004 to August 18, 2006, the Company entered into various amendments and waivers to the 2004 Credit Facility with its syndicated bank group to waive non-compliance with certain financial and non-financial covenants. Among other things, the amendments provided that (1) certain financial covenants and reporting obligations were waived and/or modified to reflect the Company s current and anticipated future operating performance, (2) the ultimate reduction of the facility to $50,000 with a letter of credit limit of $50,000 less the face amount of letters of credit issued prior to August 18, 2006, and required that each new letter of credit must be fully cash collateralized and that a letter of credit fee of 0.25 percent be paid for each cash collateralized letter of credit and (3) the Company maintain a minimum cash balance of $15,000. The Sixth Amendment expired on September 30, 2006, and availability under the 2004 Credit Facility was reduced to zero. On October 27, 2006, the 2004 Credit Facility was replaced with the 2006 Credit Facility.

Capital Leases

Assets held under capital leases at March 31, 2007 and December 31, 2006 are summarized below:

	March 31, 2007	December 31, 2006
Construction equipment	$ 12,912	$ 10,662
Land and buildings	1,451	1,446
Furniture and equipment	535	535
Total assets held under capital lease	14,898	12,643
Less accumulated amortization	(2,273)	(1,572)
Net assets under capital lease	$ 12,625	$ 11,071

6. Loss Per Share

Basic EPS is computed by dividing net loss by the weighted average number of common shares outstanding for the period. Diluted EPS is based on the weighted average number of shares outstanding during each period and the assumed exercise or conversion of potential dilutive stock options, warrants and convertible shares less the number of treasury shares assumed to be purchased from the proceeds using the average market price of the Company s stock for

each of the periods presented.

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6. Loss Per Share (continued)

Basic and diluted loss from continuing operations per common share for the three months ended March 31, 2007 and 2006 are computed as follows:

	Three Months Ended March 31, 2007	Three Months Ended March 31, 2006
Net loss from continuing operations applicable to common shares	$ (3,339)	$ (8,541)
Weighted average number of common shares outstanding for basic loss per share	25,503,652	21,345,530
Weighted average number of dilutive potential common shares outstanding		
Weighted average number of common shares outstanding for diluted loss per share	25,503,652	21,345,530
Loss per common share from continuing operations:		
Basic	$ (0.13)	$ (0.40)
Diluted	$ (0.13)	$ (0.40)

The Company incurred net losses for the three months ended March 31, 2007 and 2006, respectively, and has therefore excluded the securities listed below from the computation of diluted loss per share, as the effect would be anti-dilutive:

	Three Months Ended March 31, 2007	Three Months Ended March 31, 2006
2.75% Convertible senior notes	3,595,277	3,595,277
6.5% Senior convertible notes	4,813,171	4,813,171
Stock options	771,000	997,400
Warrants to purchase common stock	558,354	
Restricted stock	520,127	255,000
	10,257,929	9,660,848

In accordance with Emerging Issues Task Force Issue 04-8, The Effect of Contingently Convertible Instruments on Diluted Earnings per Share , the 8,408,448 shares issuable upon conversion of both the 6.5% Notes and the 2.75% Notes will be included in diluted earnings per share if those securities are dilutive, regardless of whether the conversion prices of $19.47 and $17.56, respectively, have been met.

7. Segment Information

The Company s segments are strategic business units that are managed separately as each has different operational requirements and strategies. In the first quarter of 2007, the Company redefined its segments based on the Company s core business functions rather than geographic markets as presented in prior periods. The Company s operating

segments have been reorganized into the following reportable segments: *Construction*, *Engineering,* and *Engineering, Procurement and Construction* (*EPC*). The three operating segments operate primarily in the United States, Canada, and the Middle East. In the comparable periods in 2006, the Company s reportable business segments were *US & Canada* and *International*. Prior period balances have been reclassified to reflect this change. Management evaluates the performance of each segment based on operating income. The Company s corporate operations include the general, administrative, and financing functions of the organization. The costs of these functions are allocated between the three operating segments. The Company s corporate operations also include various other assets, some of which, are allocated between the three operating segments. There are no material inter-segment revenues in the periods presented.

The following table reflects the Company s reconciliation of segment operating results to the net loss in the Condensed Consolidated Statement of Operations for the three months ended March 31, 2007 and 2006:

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7. Segment Information (continued)

For the three months ended March 31, 2007:

	Construction	*Engineering*	*EPC*	*Consolidated*
Contract revenue	$ 170,705	$ 19,655	$ 16,349	$ 206,709
Operating expenses:				
Contract	165,004	15,589	13,239	193,832
Depreciation and amortization	2,843	151	462	3,456
General and administrative	9,171	1,463	791	11,425
	177,018	17,203	14,492	208,713
Operating income (loss)	$ (6,313)	$ 2,452	$ 1,857	(2,004)
Interest and other income (expense), net				(1,080)