FAIRCHILD CORP
Form 10-Q
May 10, 2001

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

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

For the Quarterly Period Ended April 1, 2001

Commission File Number 1-6560

THE FAIRCHILD CORPORATION
(Exact name of Registrant as specified in its charter)

Delaware	34-0728587
(State or other jurisdiction of Incorporation or organization)	(I.R.S. Employer Identification No.)
45025 Aviation Drive, Suite 400 Dulles, VA	20166
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (703) 478-5800

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 ninety (90) days.

YES X NO

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Title of Class	Outstanding at April 1, 2001
Class A Common Stock, $0.10 Par Value	22,527,801
Class B Common Stock, $0.10 Par Value	2,621,502

THE FAIRCHILD CORPORATION AND CONSOLIDATED SUBSIDIARIES

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All references in this Quarterly Report on Form 10-Q to the terms "we," "our," "us," the "Company" and "Fairchild" refer to The Fairchild Corporation and its subsidiaries. All references to "fiscal" in connection with a year shall mean the 12 months ended June 30.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

THE FAIRCHILD CORPORATION AND CONSOLIDATED SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
April 1, 2001 (Unaudited) and June 30, 2000
(In thousands)

ASSETS

	Apri 20
CURRENT ASSETS:	
Cash and cash equivalents, $382 and $14,287 restricted	
Short-term investments	
Accounts receivable-trade, less allowances of $6,399 and $9,598	
Inventories:	
Finished goods	
Work-in-process	
Raw materials	
Prepaid expenses and other current assets	
Total Current Assets	
Property, plant and equipment, net of accumulated depreciation of $149,356 and $142,938	
Net assets held for sale	
Cost in excess of net assets acquired (Goodwill), less accumulated amortization of $62,210 and $52,826	
Investments and advances, affiliated companies	
Prepaid pension assets	
Deferred loan costs	
Real estate investment	
Long-term investments	
Other assets	
TOTAL ASSETS	$

THE FAIRCHILD CORPORATION AND CONSOLIDATED SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
April 1, 2001 (Unaudited) and June 30, 2000
(In thousands)

LIABILITIES AND STOCKHOLDERS' EQUITY

Apri
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CURRENT LIABILITIES:	
Bank notes payable and current maturities of long-term debt	
Accounts payable	
Accrued liabilities:	
Salaries, wages and commissions	
Employee benefit plan costs	
Insurance	
Interest	
Other accrued liabilities	
Total Current Liabilities	
LONG-TERM LIABILITES:	
Long-term debt, less current maturities	
Fair market value of interest rate contract	
Other long-term liabilities	
Retiree health care liabilities	
Noncurrent income taxes	
TOTAL LIABILITIES	
STOCKHOLDERS' EQUITY:	
Class A common stock, $0.10 par value; authorized 40,000 shares, 30,335 (30,079 in June) shares issued and 22,528 (22,430 in June) shares outstanding	
Class B common stock, $0.10 par value; authorized 20,000 shares, 2,622 shares issued and outstanding	
Paid-in capital	
Treasury stock, at cost, 7,807 (7,649 in June) shares of Class A common stock	
Retained earnings	
Notes due from stockholders	
Cumulative other comprehensive income	
TOTAL STOCKHOLDERS' EQUITY	
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$

THE FAIRCHILD CORPORATION AND CONSOLIDATED SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF
EARNINGS (Unaudited) For The Three (3) And Nine
(9) Months Ended April 1, 2001 and April 2, 2000
(In thousands, except per share data)

	Three Months Ended	
	4/1/01	4/2/00

REVENUE:		
Net sales	$162,358	$158,0
Rental revenue	1,615	1,0
Other income, net	(1,178)	1,0
	162,795	160,0
COSTS AND EXPENSES:		
Cost of goods sold	119,871	117,5
Cost of rental revenue	993	5
Selling, general & administrative	32,770	30,7
Amortization of goodwill	3,125	3,0
Restructuring	-	1,3
	156,759	153,3
OPERATING INCOME	6,036	6,7
Interest expense	13,553	13,7
Interest income	(741)	(2,04
Net interest expense	12,812	11,6
Investment income	4,914	6,2
Decrease in fair market value of interest rate contract	(3,370)	
Nonrecurring gain	-	8
Earnings (loss) from continuing operations before taxes	(5,232)	2,1
Income tax benefit (provision)	1,740	(15
Equity in earnings (loss) of affiliates, net	-	6
NET EARNINGS (LOSS)	$ (3,492)	$ 2,6
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustments	(6,016)	(3,66
Unrealized holding changes on derivatives	70	
Unrealized periodic holding changes on securities	(2,966)	(1,69
Other comprehensive loss	(8,912)	(5,35
COMPREHENSIVE INCOME (LOSS)	$ (12,404)	$ (2,72

THE FAIRCHILD CORPORATION AND CONSOLIDATED SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF
EARNINGS (Unaudited) For The Three (3) And Nine
(9) Months Ended April 1, 2001 and April 2, 2000
(In thousands, except per share data)

	Three Months Ended	
	4/1/01	4/2/00

BASIC EARNINGS PER SHARE:		
NET EARNINGS (LOSS)	$ (0.14)	$ 0.
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustments	$ (0.24)	$ (0.1
Unrealized holding changes on derivatives	-	
Unrealized periodic holding changes on securities	(0.12)	(0.0
Other comprehensive loss	(0.36)	(0.2
COMPREHENSIVE INCOME (LOSS)	$ (0.50)	$ (0.1
DILUTED EARNINGS PER SHARE:		
NET EARNINGS (LOSS)	$ (0.14)	$ 0.
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustments	$ (0.24)	$ (0.1
Unrealized holding changes on derivatives	-	
Unrealized periodic holding changes on securities	(0.12)	(0.0
Other comprehensive loss	(0.36)	(0.2
COMPREHENSIVE INCOME (LOSS)	$ (0.50)	$ (0.1
Weighted average shares outstanding:		
Basic	25,140	24,9
Diluted	25,140	25,2

THE FAIRCHILD CORPORATION AND CONSOLIDATED SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
For The Nine (9) Months Ended April 1, 2001 and April 2, 2000
(In thousands)

	4/1
Cash flows from operating activities:	
Net earnings	$
Depreciation and amortization	
Accretion of discount on long-term liabilities	
Amortization of deferred loan fees	
Unrealized holding (gain) loss on derivatives	
Net gain on divestiture of investment in affiliates	
Net gain on divestiture of subsidiary	
Gain on sale of investments	

Distributed (undistributed) earnings of affiliates, net
Change in assets and liabilities
Non-cash charges and working capital changes of discontinued operations

Net cash used for operating activities

Cash flows from investing activities:

Purchase of property, plant and equipment
Net proceeds received from the sale of property, plant, and equipment
Net proceeds received from (used for) investment securities
Net proceeds received from divestiture of investment in affiliates
Net proceeds received from divestiture of subsidiaries
Real estate investment
Equity investment in affiliates
Proceeds received from net assets held for sale
Investing activities of discontinued operations

Net cash provided by investing activities

Cash flows from financing activities:

Proceeds from issuance of debt
Debt repayments
Issuance of Class A common stock
Purchase of treasury stock
Net loans to stockholders'

Net cash provided by (used for) financing activities
Effect of exchange rate changes on cash

Net change in cash and cash equivalents
Cash and cash equivalents, beginning of the year

Cash and cash equivalents, end of the period

THE FAIRCHILD CORPORATION AND CONSOLIDATED SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
(In thousands, except share data)

1. FINANCIAL STATEMENTS

The consolidated balance sheet as of April 1, 2001, and the consolidated statements of earnings and cash flows for the nine months ended April 1, 2001 and April 2, 2000 have been prepared by us, without audit. In the opinion of management, all adjustments (consisting of normal recurring adjustments) necessary to present fairly the financial position, results of operations and cash flows at April 1, 2001, and for all periods presented, have been made. The balance sheet at June 30, 2000 was condensed from the audited financial statements as of that date.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. These consolidated financial statements should be read in conjunction with the financial statements and notes thereto included in our June 30, 2000 Annual Report on Form 10-K. The results of operations for the period ended April 1, 2001 are not necessarily indicative of the operating results for the full year. Certain amounts in the prior year's quarterly financial statements have been reclassified to conform to the current presentation.

2. PRO FORMA FINANCIAL STATEMENTS

The unaudited pro forma consolidated statement of earnings for the nine months ended April 2, 2000 have been prepared to give effect to the dispositions of Dallas Aerospace (December 1999), Camloc Gas Springs (September 1999) and the investment in Nacanco (July 1999), as if these transactions had occurred on July 1, 1999. The unaudited pro forma information is not intended to be indicative of future results of our operations or results that might have been achieved if these transactions had been in effect since July 1, 1999.

	Nine Months Ended 4/2/00
Net sales	$ 452,349
Gross profit	117,195
Net loss	(5,893)
Net loss, per basic and diluted share	$ (0.24)

3. EQUITY SECURITIES

We had 22,527,801 shares of Class A common stock and 2,621,502 shares of Class B common stock outstanding at April 1, 2001. Class A common stock is traded on both the New York and Pacific Stock Exchanges. There is no public market for the Class B common stock. The shares of Class A common stock are entitled to one vote per share and cannot be exchanged for shares of Class B common stock. The shares of Class B common stock are entitled to ten votes per share and can be exchanged, at any time, for shares of Class A common stock on a share-for-share basis. For the nine months ended April 1, 2001, 97,929 shares of Class A common stock were issued as a result of the exercise of stock options and shareholders converted 150 shares of Class B common stock into Class A common stock.

During the nine months ended April 1, 2001, we issued 132,394 deferred compensation units pursuant to our stock option deferral plan, as a result of the exercise of 291,050 stock options. Each deferred compensation unit is represented by one share of our treasury stock and is convertible into one share of our Class A common stock after a specified period of time.

4. RESTRICTED CASH

On April 1, 2001 and June 30, 2000, we had restricted cash of $382 and $14,287, respectively, all of which is maintained as collateral for certain debt facilities and escrow arrangements.

5. EARNINGS PER SHARE

The following table illustrates the computation of basic and diluted earnings per share:

	Three Months Ended	
	4/1/01	4/2/00
Basic earnings per share:		
Earnings from continuing operations	$ (3,492)	$ 2,622
Common shares outstanding	25,140	24,975
Basic earnings from continuing operations per share	$ (0.14)	$ 0.10
Diluted earnings per share:		
Earnings from continuing operations	$ (3,492)	$ 2,622
Common shares outstanding	25,140	24,975
Options	antidilutive	138
Warrants	antidilutive	184
Total shares outstanding	25,140	25,297
Diluted earnings from continuing operations per share	$ (0.14)	$ 0.10

Stock options entitled to purchase 1,820,014 shares of Class A common stock were antidilutive and not included in the earnings per share calculation for the three and nine months ended April 2, 2000. Stock options entitled to purchase 2,118,835 and 2,213,936 shares of Class A common stock were antidilutive and not included in the earnings per share calculation for the three and nine months ended April 1, 2001, respectively. Stock warrants entitled to purchase 400,000 and 519,091 shares of Class A common stock were antidilutive and not included in the earnings per share calculation for the three and nine months ended April 1, 2001, respectively. These shares could be dilutive in subsequent periods.

6. CONTINGENCIES

Environmental Matters

Our operations are subject to stringent government imposed environmental laws and regulations concerning, among other things, the discharge of materials into the environment and the generation, handling, storage, transportation and disposal of waste and hazardous materials. To date, such laws and regulations have not had a material effect on our financial condition, results of operations, or net cash flows, although we have expended, and can be expected to expend in the future, significant amounts for the investigation of environmental conditions and installation of environmental control facilities, remediation of environmental conditions and other similar matters, particularly in our aerospace fasteners segment.

In connection with our plans to dispose of certain real estate, we must investigate environmental conditions and we may be required to take certain corrective action prior or pursuant to any such disposition. In addition, we have identified several areas of potential contamination related to other facilities owned, or previously owned, by us, that may require us either to take corrective action or to contribute to a clean-up. We are also a defendant in certain lawsuits and proceedings seeking to require us to pay for investigation or remediation of environmental matters and we have been alleged to be a potentially responsible party at various "superfund" sites. We believe that we have recorded adequate reserves in our financial statements to complete such investigation and take any necessary corrective actions or make any necessary contributions. No amounts have been recorded as due from third parties, including insurers, or set off against, any environmental liability, unless such parties are contractually obligated to contribute and are not disputing such liability.

As of April 1, 2001, the consolidated total of our recorded liabilities for environmental matters was approximately $12.0 million, which represented the estimated probable exposure for these matters. It is reasonably possible that our total exposure for these matters could be approximately $19.1 million.

Other Matters

AlliedSignal (now Honeywell International) had asserted indemnification claims against us in an aggregate amount of $38.8 million, arising from the disposition of Banner Aerospace's hardware business to AlliedSignal. We claimed that AlliedSignal owed us approximately $6.8 million. In October 2000, we reached an agreement with AlliedSignal to settle these claims and as a result of the settlement no cash changed hands.

We are involved in various other claims and lawsuits incidental to our business. We, either on our own or through our insurance carriers, are contesting these matters. In the opinion of management, the ultimate resolution of the legal proceedings, including those mentioned above, will not have a material adverse effect on our financial condition, future results of operations or net cash flows.

7.

SEGMENT INFORMATION

We currently report in three principal business segments: aerospace fasteners, aerospace distribution and real estate operations. Since our last annual report, we are now reporting the results of the real estate operations as a separate segment. Previously, the results for our real estate operations were included within the corporate and other classification. The following table provides the historical results of our operations for the three and nine months ended April 1, 2001 and April 2, 2000, respectively.

	Three Months Ended	
	4/1/01	4/2/00
SALES BY SEGMENT:		
Aerospace Fasteners Segment	$140,806	$138,134
Aerospace Distribution Segment	21,552	19,895
Corporate and Other Segment	-	-

TOTAL SALES	$162,358	$158,029
OPERATING RESULTS BY SEGMENT:		
Aerospace Fasteners Segment (a)	$ 9,788	$ 10,466
Aerospace Distribution Segment	1,725	1,652
Real Estate Segment (b)	(764)	382
Corporate and Other Segment	(4,713)	(5,773)
TOTAL OPERATING INCOME	$ 6,036	$ 6,727
EARNINGS (LOSS) FROM CONTINUING OPERATIONS BEFORE TAXES:		
Aerospace Fasteners Segment (a)	$ 9,200	$ 9,915
Aerospace Distribution Segment	1,702	1,651
Real Estate Segment (b)	(1,619)	376
Corporate and Other Segment	(14,514)	(9,767)
Total earnings (loss) from continuing operations before taxes:	$ (5,231)	$ 2,175

TOTAL ASSETS:	4/1/01	6/30/00
Aerospace Fasteners Segment	$ 628,621	$ 632,152
Aerospace Distribution Segment	50,301	90,918
Real Estate Segment	114,453	120,092
Corporate and Other Segment	434,611	424,258
TOTAL ASSETS	$1,227,986	$1,267,420

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

8. In June 1998, the FASB issued Statement of Financial Accounting Standards No. 133 "Accounting for Derivative Instruments and Hedging Activities." SFAS 133 establishes a new model for accounting for derivatives and hedging activities and supersedes and amends a number of existing accounting standards. It requires that all derivatives be recognized as assets and liabilities on the balance sheet and measured at fair value. The corresponding derivative gains or losses are reported based on the hedge relationship that exists, if any. Changes in the fair value of derivative instruments that are not designated as hedges or that do not meet the hedge accounting criteria in SFAS 133, are required to be reported in earnings. Most of the general qualifying criteria for hedge accounting under SFAS 133 were derived from, and are similar to, the existing qualifying criteria in SFAS 80 "Accounting for Futures Contracts." SFAS 133 describes three primary types of hedge relationships: fair value hedge, cash flow hedge, and foreign currency hedge. In June 1999, the FASB issued Statement of Financial Accounting Standards No. 137 to defer the required effective date of implementing SFAS 133 from fiscal years beginning after June 15, 1999 to fiscal years beginning after June 15, 2000.

In fiscal 1998, we entered into a ten-year interest rate swap agreement to reduce our cash flow exposure to increases in interest rates on variable rate debt. The ten-year interest rate swap agreement provides us with interest rate protection on $100 million of variable rate debt, with interest being calculated based on a fixed LIBOR rate of 6.24% to February 17, 2003. On February 17, 2003, the bank will have a one-time option to elect to cancel the agreement or to do nothing and proceed with the transaction, using a fixed LIBOR rate of 6.715% for the period February 17, 2003 to February 19, 2008.

We adopted SFAS 133 on July 1, 2000. At adoption, we recorded a decrease of $0.5 million in the fair market value of our $100 million interest rate swap agreement within other comprehensive income. The $0.5 million decrease will be amortized over the remaining life of the interest rate swap agreement using the effective interest method. The offsetting interest rate swap liability is separately being reported as a "fair market value of interest rate contract" within other long-term liabilities. In the statement of earnings we have recorded the net swap interest accrual as part of interest expense. Unrealized changes in the fair value of the Swap are recorded net of the current interest accrual on a separate line entitled "decrease in fair market value of interest rate derivatives."

We did not elect to pursue hedge accounting for the interest rate swap agreement, which was executed to provide an economic hedge against cash flow variability on the floating rate note. When evaluating the impact of SFAS No. 133 on this hedge relationship, we assessed the key characteristics of the interest rate swap agreement and the note. Based on this assessment, we determined that the hedging relationship would not be highly effective. The ineffectiveness is caused by the existence of the embedded written call option in the interest rate swap agreement, and the absence of a mirror option in the hedged item. As such, pursuant to SFAS No. 133, we designated the interest rate swap agreement in the no hedging designation category. Accordingly, we have recognized a non-cash decrease in fair market value of interest rate derivatives of $3.4 million and $6.9 million in the third quarter and first six months of fiscal 2001, respectively, as a result of the fair market value adjustment for our interest rate swap agreement.

The fair market value adjustment of these agreements will generally fluctuate based on the implied forward interest rate curve for 3-month LIBOR. As the implied forward interest rate curve decreases, the fair market value of the interest hedge contract will increase and we will record an additional charge. As the implied forward interest rate curve increases, the fair market value of the interest hedge contract will decrease, and we will record income.

In March 2000, the Company issued a floating rate note with a principal amount of $30,750,000. Embedded within the promissory note agreement is an interest rate cap. The embedded interest rate cap limits the 1-month LIBOR interest rate that we must pay on the note to 8.125%. At execution of the promissory note, the strike rate of the embedded interest rate cap of 8.125% was above the 1-month LIBOR rate of 6.61%. Under SFAS 133, the embedded interest rate cap is considered to be clearly and closely related to the debt of the host contract and is not required to be separated and accounted for separately from the host contract. For the nine months ended April 1, 2001, we accounted for the hybrid contract, comprised of variable rate note and the embedded interest rate cap as a single debt instrument.

9. CONSOLIDATING FINANCIAL STATEMENTS

The following unaudited consolidating financial statements separately show The Fairchild Corporation and the subsidiaries of The Fairchild Corporation. These financial statements are provided to fulfill public reporting requirements, and separately present guarantors of the 10 3/4% senior subordinated notes due 2009 issued by The Fairchild Corporation. The "parent company" provides the results of The Fairchild Corporation on an unconsolidated basis. The guarantors are composed primarily of our domestic subsidiaries, excluding Fairchild Technologies, a real estate development venture, and certain other subsidiaries.

CONSOLIDATING BALANCE SHEET
APRIL 1, 2001

	Parent Company	Guarantors	Non Guarant
Cash	$ 2,598	$ 6,117	$ 9
Marketable securities	71	2,814	2
Accounts Receivable (including intercompany), less allowances	1,853	510,824	8
Inventory, net	-	145,710	48
Prepaid and other current assets	396	29,779	7
Total current assets	4,918	695,244	76
Investment in Subsidiaries	888,255	-	
Net fixed assets	440	117,874	37
Net assets held for sale	-	17,848	
Investments in affiliates	945	2,807	
Goodwill	15,921	376,834	33
Deferred loan costs	12,283	21	1
Prepaid pension assets	-	64,498	
Real estate investment	-	-	110
Long-term investments	415	4,331	3
Other assets	17,499	(13,587)	2
Total assets	$ 940,676	$1,265,870	$ 264
Bank notes payable & current maturities of debt	$ 2,250	$ 1,726	$ 24
Accounts payable (including intercompany)	47	730,261	62
Other accrued expenses	(25,848)	58,170	33
Total current liabilities	(23,551)	790,157	120
Long-term debt, less current maturities	429,691	7,049	33
FMV of Interest Rate Contract	7,726	-	
Other long-term liabilities	405	18,423	4
Noncurrent income taxes	121,016	(1,265)	
Retiree health care liabilities	-	39,343	4
Total liabilities	535,287	853,707	165
Class A common stock	3,034	-	
Class B common stock	262	-	
Notes due from stockholders	(451)	(1,341)	
Paid-in-capital	232,935	490,133	188
Retained earnings	246,212	(65,586)	(74,
Cumulative other comprehensive income	(528)	(10,925)	(14,
Treasury stock, at cost	(76,075)	(118)	

Total stockholders' equity	405,389	412,163	99
Total liabilities & stockholders' equity	$ 940,676	$1,265,870	$ 264

CONSOLIDATING STATEMENTS OF EARNINGS
FOR THE NINE MONTHS ENDED APRIL 1, 2001

	Parent Company	Guarantors	Non Guaranto
Net Sales	$ -	$ 349,521	$ 115,
Costs and expenses			
Cost of sales	-	267,441	80,
Selling, general & administrative	5,191	70,020	16,
Amortization of goodwill	606	8,034	
	5,797	345,495	97,
Operating income (loss)	(5,797)	4,026	17,
Net interest expense (including intercompany)	(6,791)	37,548	8,
Investment (income) loss, net	-	(181)	(5,3
FMV Adj of Interest Rate Contract	6,915	-	
Earnings (loss) before taxes	(5,921)	(33,341)	14,
Income tax (provision) benefit	3,155	15,019	(8,8
Equity in earnings of affiliates and subsidiaries	(12,810)	181	
Net earnings (loss)	$(15,576)	$(18,141)	$ 5,

CONSOLIDATING STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED APRIL 1, 2001

	Parent Company	Guarantors	Non Guaran
Cash Flows from Operating Activities:			
Net earnings (loss)	$ (15,576)	$(18,141)	$ 5,

Depreciation & amortization	670	24,426	7,
Accretion of discount on long-term liabilities	-	1,148	
Amortization of deferred loan fees	1,054	2	
Unrealized holding (gain) loss on derivatives	7,726	-	
Change in assets and liabilities	(10,651)	(30,296)	(11,1
Net cash (used for) provided by operating activities	(16,777)	(22,861)	2,
Cash Flows from Investing Activities:			
Proceeds received from (used for):			
Purchase of PP&E	-	(4,780)	(3,0
Investment securities, net	-	10,510	
Equity investment in affiliates	(443)	-	
Change in real estate investment	-	-	(1,9
Change in net assets held for sale	-	1,936	
Other changes	-	(96)	
Net cash (used for) provided by investing activities	(443)	7,570	(5,0
Cash Flows from Financing Activities:			
Proceeds from issuance of debt	114,174	130	9,
Debt repayments, net	(95,174)	(1,792)	(10,0
Issuance of Class A common stock	714	-	
Loans to stockholders	69	6	
Net cash (used for) provided by financing activities	19,783	(1,656)	(5
Effect of exchange rate changes on cash	-	-	(5
Net change in cash	2,563	(16,947)	(3,6
Cash, beginning of the year	35	23,064	12,
Cash, end of the year	$ 2,598	$ 6,117	$ 9,

CONSOLIDATING BALANCE SHEET
JUNE 30, 2000

	Parent Company	Guarantors	Non Guaranto
Cash	$ 35	$ 23,063	$ 12,
Short-term investments	71	8,983	
Accounts Receivable (including intercompany), less allowances	2,079	82,054	43,
Inventory, net	-	130,634	49,
Prepaid and other current assets	141	67,624	6,
Total current assets	2,326	312,358	111,
Investment in Subsidiaries	869,958	-	
Net fixed assets	493	131,029	42,

Net assets held for sale	-	20,112	
Investments and advances in affiliates	945	2,293	
Goodwill	16,528	385,156	34,
Deferred loan costs	13,284	24	1,
Prepaid pension assets	-	64,418	
Real estate investment	-	-	112,
Long-term investments	355	9,729	
Other assets	17,592	(13,418)	1,
Total assets	$921,481	$ 911,701	$ 304,
Bank notes payable & current maturities of debt	$ 2,250	$ 2,194	$ 24,
Accounts payable (including intercompany)	2,954	46,105	13,
Other accrued expenses	(42,778)	129,106	36,
Net current liabilities of discontinued operations	-	-	
Total current liabilities	(37,574)	177,405	73,
Long-term debt, less current maturities	410,691	8,242	34,
Other long-term liabilities	405	19,839	6,
Noncurrent income taxes	145,847	(17,525)	
Retiree health care liabilities	-	38,196	4,
Minority interest in subsidiaries	-	-	
Total liabilities	519,369	226,157	119,
Class A common stock	3,008	-	2,
Class B common stock	262	-	
Notes due from stockholders	(520)	(1,347)	
Paid-in-capital	5,158	226,032	249,
Retained earnings	469,270	469,183	(58,0
Cumulative other comprehensive income	(46)	(7,838)	(8,8
Treasury stock, at cost	(75,020)	(486)	
Total stockholders' equity	402,112	685,544	184,
Total liabilities & stockholders' equity	$921,481	$ 911,701	$ 304,

CONSOLIDATING STATEMENTS OF EARNINGS
FOR THE NINE MONTHS ENDED APRIL 2, 2000

	Parent Company	Guarantors	Non Guarantors
Net Sales	$ -	$ 349,717	$ 126,853
Costs and expenses			
Cost of sales	-	263,174	91,875

Selling, general & administrative	3,861	66,859	18,169
Restructuring	-	7,456	-
Amortization of goodwill	385	8,040	765
	4,246	345,529	110,809
Operating income (loss)	(4,246)	4,188	16,044
Net interest expense	37,283	(8,568)	5,732
Investment (income) loss, net	(6)	(9,144)	-
Intercompany dividends	-	-	18,515
Nonreucrring income on Disposition of subsidiary	-	(3,123)	(25,732)
Earnings (loss) before taxes	(41,523)	25,023	17,529
Income tax (provision) benefit	(4,476)	(137)	(809)
Equity in earnings of affiliates and subsidiaries	59,651	-	-
Net earnings (loss)	$ 13,652	$ 24,886	$ 16,720

CONSOLIDATING STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED APRIL 2, 2000

	Parent Company	Guarantors	Non Guaran
Cash Flows from Operating Activities:			
Net earnings (loss)	$ 13,652	$ 24,886	$ 1
Depreciation and amortization	478	23,430	
Amortization of deferred loan fees	894	2	
Accretion of discount on long-term liabilities	-	2,845	
(Gain) on sale of affiliate investment and divestiture of subsidiary	-	-	(28
Undistributed loss (earnings) of affiliates	-	723	
Change in assets and liabilities	20,001	(103,237)	(10
Non-cash charges and working capital changes of discontinued operations	-	-	(12
Net cash (used for) provided by operating activities	35,025	(51,351)	(28
Cash Flows from Investing Activities:			
Net proceeds from (used for) investments	-	13,571	
Purchase of property, plant and equipment	(5)	(19,326)	(5
Equity investment in affiliates	-	(2,476)	
Net proceeds from sale of affiliate investements and divestiture of subsidiaries	-	57,000	5
Real estate investment	-	-	(26
Proceeds from net assets held for sale	-	4,672	

Investing activities of discontinued operations	-	-	
Net cash (used for) provided by investing activities	(5)	53,441	2
Cash Flows from Financing Activities:			
Proceeds from issuance of debt	45,600	110,570	4
Debt repayment and repurchase of debentures (including intercompany), net	(80,800)	(86,049)	(34
Issuance of Class A common stock	286	-	
Purchase of treasury stock	-	(486)	
Financing activities of discontinued operations	-	-	
Net cash (used for) provided by financing activities	(34,914)	24,035	
Effect of exchange rate changes on cash	-	14	
Net change in cash and cash equivalents	106	26,139	
Cash and cash equivalents, beginning of the year	27	41,793	1
Cash and cash equivalents, end of the year	$ 133	$ 67,932	$ 1

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The Fairchild Corporation was incorporated in October 1969, under the laws of the State of Delaware, under the name of Banner Industries, Inc. On November 15, 1990, we changed our name from Banner Industries, Inc. to The Fairchild Corporation. We own 100% of RHI Holdings, Inc. and Banner Aerospace, Inc. RHI is the owner of 100% of Fairchild Holding Corp. Our principal operations are conducted through Fairchild Holding Corp. and Banner Aerospace.

The following discussion and analysis provide information which management believes is relevant to the assessment and understanding of our consolidated results of operations and financial condition. The discussion should be read in conjunction with the consolidated financial statements and notes thereto.

GENERAL

We are a leading worldwide aerospace and industrial fastener manufacturer and distribution supply chain services manager and, through Banner Aerospace, an international supplier to airlines and general aviation businesses, distributing a wide range of aircraft parts and related support services. Through internal growth and strategic acquisitions, we have become one of the leading suppliers of fasteners to aircraft OEMs, such as Boeing, European Aeronautic Defense and Space Company, General Electric, Lockheed Martin, and Northrop Grumman.

Our business consists of three segments: aerospace fasteners, aerospace distribution and real estate operations. The aerospace fasteners segment manufactures and markets high performance fastening systems used in the manufacture and maintenance of commercial and military aircraft. Our aerospace distribution segment stocks and distributes a wide variety of aircraft parts to commercial airlines and air cargo carriers, fixed-base operators, corporate aircraft operators and other aerospace companies. Our real estate operations segment owns and operates a shopping center located in Farmingdale, New York.

CAUTIONARY STATEMENT

Certain statements in this financial discussion and analysis by management contain certain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 with respect to our financial condition, results of operation and business. These statements relate to analyses and other information which are based on forecasts of future results and estimates of amounts not yet determinable. These statements also relate to our future prospects, developments and business strategies. These forward-looking statements are identified by their use of terms and phrases such as "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "plan," "predict," "project," "will" and similar terms and phrases, including references to assumptions. These forward-looking statements involve risks and uncertainties, including current trend information, projections for deliveries, backlog and other trend estimates, that may cause our actual future activities and results of operations to be materially different from those suggested or described in this Quarterly Report on Form 10-Q. These risks include: product demand; our dependence on the aerospace industry; reliance on Boeing and European Aeronautic Defense and Space Company; customer satisfaction and quality issues; labor disputes; competition, including recent intense price competition; our ability to achieve and execute internal business plans; worldwide political instability and economic growth; the cost and availability of electric power to operate our plants; and the impact of any economic downturns and inflation.

If one or more of these risks or uncertainties materializes, or if underlying assumptions prove incorrect, our actual results may vary materially from those expected, estimated or projected. Given these uncertainties, users of the information included in this financial discussion and analysis by management, including investors and prospective investors are cautioned not to place undue reliance on such forward-looking statements. We do not intend to update these forward-looking statements in this Quarterly Report, even if new information, future events or other circumstances have made them incorrect or misleading.

RESULTS OF OPERATIONS

Business Transactions

The following summarizes certain business combinations and transactions that significantly affect the comparability of the period to period results presented in this Management's Discussion and Analysis of Results of Operations and Financial Condition.

Fiscal 2000 Transactions

On July 29, 1999, we sold our 31.9% interest in Nacanco Paketleme to American National Can Group, Inc. for approximately $48.2 million. Our investment in Nacanco began in November 1987, and throughout the years we invested approximately $6.2 million in Nacanco. Since the inception of our investment, we recorded equity earnings of $25.7 million and received cash dividends of $12.5 million from Nacanco. We recognized a $25.7 million nonrecurring gain from this divestiture in the nine months ended April 2, 2000.

We also agreed to provide consulting services over a three-year period, at an annual fee of approximately $1.5 million. We used the net proceeds from the disposition to reduce our indebtedness. As a result of this disposition, our interest expense was reduced. However, our equity earnings and dividend proceeds also significantly decreased. In accordance with our plan to dispose of non-core assets, the opportunity to dispose of our interest in Nacanco Paketleme presented us with an excellent opportunity to realize a substantial return on our investment and allowed us to reduce our then outstanding indebtedness by approximately 8.6%.

On September 3, 1999, we completed the disposal of our Camloc Gas Springs division to a subsidiary of Arvin Industries Inc. for approximately $2.7 million. In addition, we received $2.4 million from Arvin Industries for a covenant not to compete. We recognized a $2.3 million nonrecurring pre-tax gain from this disposition. We decided to dispose of the Camloc Gas Springs division in order to concentrate our focus on our operations in the aerospace industry.

On December 1, 1999, we disposed of substantially all of the assets and certain liabilities of our Dallas Aerospace subsidiary to United Technologies Inc. for approximately $57.0 million. No gain or loss was recognized from this transaction, as the proceeds received approximated the net carrying value of these assets. Approximately $37.0 million of the proceeds from this disposition were used to reduce our term indebtedness and our interest expense. As a result of this transaction, we reported a reduction in revenues of $21.7 million and operating income of $2.1 million for the nine months ended April 1, 2001, as compared to the nine months ended April 2, 2000. We estimated that the market base for the older-type of engines that we were selling was shrinking, and that we would be required to invest a substantial amount of cash to purchase newer-type of engines to maintain market share. The opportunity to exit this business presented us with an opportunity to improve cash flows by reducing our indebtedness by $37.0 million, and by preserving our cash, which would otherwise have had to have been invested to upgrade our inventory.

Consolidated Results

We currently report in three principal business segments: aerospace fasteners, aerospace distribution and real estate operations. The results of Camloc Gas Springs division, prior to its disposition, were included in the Corporate and Other classification. The following table provides the historical sales and operating income of our operations for the three and nine months ended April 1, 2001 and April 2, 2000, respectively. The following table also illustrates sales and operating income of our operations by segment, on an unaudited pro forma basis, for the nine months ended April 2, 2000, as if we had operated in a consistent manner in each of the reported periods. The pro forma results represent the impact of our dispositions of Dallas Aerospace in December 1999, and Camoloc Gas Springs in September 1999, as if these transactions had occurred at the beginning of the nine-month period ended April 2, 2000. The pro forma information is based on the historical financial statements of these companies, giving effect to the aforementioned transactions. The pro forma information is not necessarily indicative of the results of operations, that would actually have occurred if these transactions had been in effect since the beginning of fiscal 2000, nor is it necessarily indicative of our future results.

	Three Months Ended		Nin
	4/1/01 Actual	4/2/00 Actual	4/1/01 Actual
SALES BY SEGMENT:			

Aerospace Fasteners Segment	$ 140,806	$ 138,134	$ 394,262
Aerospace Distribution Segment	21,552	19,895	64,563
Corporate and Other Segment	-	-	-
TOTAL SALES	$ 162,358	$ 158,029	$ 458,825
OPERATING RESULTS BY SEGMENT:			
Aerospace Fasteners Segment (a)	$ 9,788	$ 10,466	$ 26,640
Aerospace Distribution Segment	1,725	1,652	3,424
Real Estate Operations Segment (b)	(764)	382	(681)
Corporate and Other Segment	(4,713)	(5,773)	(13,725)
TOTAL OPERATING INCOME	$ 6,036	$ 6,727	$ 15,658

Net sales of $162.4 million in the third quarter of fiscal 2001 increased by $4.3 million, or 2.7%, compared to sales of $158.0 million in the third quarter of fiscal 2000. Net sales of $458.8 million in the first nine months of fiscal 2001 decreased by $16.0 million, or 3.4%, compared to sales of $474.8 million in the first nine months of fiscal 2000. The results for the nine months ended April 2, 2000, included revenue of $22.4 million, respectively, from Dallas Aerospace and the Camloc Gas Springs division prior to their respective dispositions. Additionally, sales in the third quarter and first nine months of fiscal 2001 were adversely affected by approximately $2.7 million and $19.9 million, respectively, due to the foreign currency impact on our European operations. On a pro forma basis and excluding the period-to-period foreign currency effect, net sales increased by $7.0 million and $26.4 million for the three and nine months ended April 1, 2001, respectively, as compared to the three and nine months ended April 2, 2000.

Gross margin as a percentage of sales was 26.2% and 25.6% in the third quarter of fiscal 2001 and fiscal 2000 and 25.4% and 25.6% for the first nine months of fiscal 2001 and fiscal 2000, respectively. The reduced margins in the fiscal 2001 nine-month period were attributable to lower prices and a change in product mix.

Selling, general & administrative expense as a percentage of sales was 20.2% and 19.5% in the third quarter of fiscal 2001 and 2000, respectively, and 20.6% and 20.6% in the first nine months of fiscal 2001 and 2000, respectively.

Rental revenue increased $3.4 million in the first nine months of fiscal 2001, compared to the first nine months of fiscal 2000 as a result of an increase in space being leased at our shopping center.

Other income decreased $6.2 million in the first nine months of fiscal 2001, compared to the first nine months of fiscal 2000. The decrease was due primarily to $3.1 million of income recognized from the disposition of non-core property during the nine months ended April 2, 2000, a write-off of approximately $2.3 million of improvements at our shopping center, and a $0.7 million loss recognized from the disposition of non-core property during the nine months ended April 1, 2001.

In the nine months ended April 2, 2000, we recorded $7.5 million of restructuring charges as a result of the continued integration of Kaynar Technologies, acquired in April 1999, into our aerospace fasteners segment. All of the charges recorded were a direct result of product integration costs incurred as of April 2, 2000. These costs were classified as restructuring and were the direct result of formal plans to close plants and to terminate employees. Such costs are nonrecurring in nature. Other than a reduction in our existing cost structure, none of the restructuring charges resulted in future increases in earnings or represented an accrual of future costs. Our integration process was completed by June 30, 2000.

Operating income for the three and nine months ended April 1, 2001 decreased by $0.7 million and $0.3 million, respectively, as compared to the same periods of the prior year. The results for the nine months ended April 2, 2000, included $2.1 million of operating income from Dallas Aerospace, prior to its disposition and $3.1 million of income recognized from the disposition of non-core property, offset partially by restructuring charges of $7.5 million. Operating income in the third quarter and first nine months of fiscal 2001 was adversely affected by approximately $0.5 million and $2.6 million, respectively, due to the foreign currency impact on our European operations. Additionally, operating income in the first nine months of fiscal 2001 was affected by a write-off of $2.3 million of shopping center improvements. On a pro forma basis and excluding the period-to-period foreign currency effect, operating income increased by $2.3 million for the nine months ended April 1, 2001, as compared to the nine months ended April 2, 2000.

Net interest expense increased $4.8 million in the first nine months of fiscal 2001, compared to the first nine months of fiscal 2000. We recognized interest expense of $2.6 million in the first nine months of fiscal 2001, while we capitalized $5.5 million of interest expense in the first nine months of fiscal 2000 from real estate development activities at our shopping center in Farmingdale, New York.

We recognized investment income of $5.5 million in the first nine months of fiscal 2001, and $9.2 million in the first nine months of fiscal 2000, due primarily to recognizing realized gains on investments liquidated.

The fair market value adjustment of a ten-year $100 million interest rate contract decreased by $3.4 million and $6.9 million in the third quarter and first nine months of fiscal 2001, respectively.

Nonrecurring income of $28.9 million in the nine months ended April 2, 2000 resulted from the disposition of two of our equity investments, one of which was Nacanco Paketleme, and the disposition of our Camloc Gas Springs division.

An income tax benefit of $9.3 million in the first nine months of fiscal 2001 represented a 37.1% effective tax rate on pre-tax losses from continuing operations. The tax benefit approximated the statutory rate. An income tax provision of $5.4 million in the first nine months of fiscal 2000 represented a 27.7% effective tax rate on pre-tax earnings from continuing operations. The tax provision was slightly lower than the statutory rate because of lower tax rates at some of our foreign operations.

Comprehensive income (loss) includes foreign currency translation adjustments, unrealized holding changes in the fair market value of available-for-sale investment securities, and the cumulative effect of adoption of SFAS 133, accounting for Derivatives. For the nine months ended April 1, 2001, foreign currency translation adjustments decreased by $12.1 million, the fair market value of unrealized holding gains on investment securities decreased by $0.9 million, and we recorded a $0.5 million decrease in the fair market value of our $100 million interest rate swap agreement due to the cumulative effect of adoption of SFAS 133.

We adopted SFAS 133 on July 1, 2000. At adoption, we recorded a decrease of $0.5 million in the fair market value of our $100 million interest rate swap agreement within other comprehensive income. The $0.5 million decrease will be amortized over the remaining life of the interest rate swap agreement using the effective interest method. The offsetting interest rate swap liability is separately being reported as a "fair market value of interest rate contract" within other long-term liabilities. In the statement of earnings we have recorded the net swap interest accrual as part of interest expense. Unrealized changes in the fair value of the Swap are recorded net of the current interest accrual on a separate line entitled "decrease in fair market value of interest rate derivatives."

Segment Results

Aerospace Fasteners Segment

Sales in our Aerospace Fasteners segment increased by $2.7 million, or 1.9%, in the third quarter of fiscal 2001 and decreased by $2.4 million, or 0.6%, in the first nine months of fiscal 2001, as compared to the same periods of fiscal 2000. Sales by our European operations were adversely affected by approximately $2.7 million in the third quarter and $19.9 million in the first nine months of fiscal 2001, as compared to the same periods of the prior year, due to the foreign currency impact from the U.S. dollar strengthening against the Euro. However, our book-to-bill ratio continues to remain positive, which we believe indicates an improving market place as compared to the sluggish conditions we have experienced over the past twelve months.

Operating income decreased by $0.7 million in the third quarter and increased by $4.4 million in the first nine months of fiscal 2001, compared to the same periods of fiscal 2000. The increase in the first nine months was due primarily to productivity improvements from cost reduction efforts completed in fiscal 2000 and restructuring charges recorded in the first nine months of fiscal 2000, offset partially by reduced gross margins resulting from pricing pressures. Operating income for the third quarter and first nine months of fiscal 2001 was adversely affected by approximately $0.5 million and $2.6 million, respectively, as compared to the same periods of the prior year, due to the foreign currency impact on our European operations. Included in our prior nine months results are restructuring charges of $7.5 million due to the integration of Kaynar Technologies into our Aerospace Fasteners business. Operating expenses at all operations are being strictly controlled as management attempts to reduce operating costs to improve operating results in the short-term, without adversely affecting our future long-term performance.

Our Aerospace Fasteners segment has several manufacturing facilities located in California. From time-to time these operations have been affected by an electric power shortage. We are cautiously optimistic that the electric power shortage in California will be resolved without any major business interruption; however, unless current tariffs are revised or their continued implementation stayed, our manufacturing costs may be materially higher. We are pursuing both long term and short term alternatives to our current electric power purchasing commitments. We anticipate that the overall demand for aerospace fasteners in calendar 2001 will continue to improve as the announced increase in aircraft build rates favorably affect the demand for our products. If the Euro to U.S. Dollar exchange rate maintains the same ratio that existed on April 1, 2001, we would expect the fourth quarter of fiscal 2001 to experience little affects from the foreign currency fluctuations that adversely affected the results of the first nine months of fiscal 2001.

Aerospace Distribution Segment

Sales in our aerospace distribution segment increased by $1.7 million, or 8.3%, in the third quarter and decreased by $12.8 million, or 16.5%, in the first nine months of fiscal 2001, compared to the fiscal 2000 periods. Results from the prior nine months ended April 2, 2000, include revenue of $21.7 million from Dallas Aerospace, prior to its disposition. On a pro forma basis, sales in our aerospace distribution segment increased $8.9 million, or 16.0%, in the first nine months of fiscal 2001, reflecting an overall improvement in demand for our products.

Operating income increased by $0.1 million in the third quarter and decreased by $2.6 million in the first nine months of fiscal 2001, compared to the same periods in fiscal 2000. The results for the nine months ended April 2, 2000, included operating income from Dallas Aerospace, prior to its disposition, of $2.1 million.

Real Estate Operations Segment

Our real estate operations segment owns and operates a shopping center located in Farmingdale, New York. Included in operating income was rental revenue of $1.6 million and $1.0 million for the three months ended April 1, 2001 and April 2, 2000, respectively, and $5.1 million and $1.8 million for the nine months ended April 1, 2001 and April 2, 2000, respectively. Rental revenue was higher in the fiscal 2001 periods due to an increase in the amount of retail space leased to tenants. As of April 1, 2001, approximately 73% of the developed shopping center was leased.

We reported an operating loss of $0.8 million for the third quarter of fiscal 2001 and $0.7 million for the nine months ended April 1, 2001, compared to operating income of $0.4 million in the third quarter and $0.8 million in the first nine months of fiscal 2000. In the third quarter of fiscal 2001, we recorded a one-time charge of $1.3 million for road improvements. In the first nine months of fiscal 2001, we recorded a charge of $1.0 million to write-off specialized tenant improvements associated with an eviction of a non-paying tenant. The results of the periods ended April 1, 2001, were also affected by an increase in administrative and depreciation expenses as a result of the increase in rental revenue.

Corporate and Other

The Corporate and Other classification included the Camloc Gas Springs division, prior to its disposition, and corporate activities. The group reported a decrease in sales as a result of the disposition of the Camloc Gas Springs division in September 1999. The operating loss increased by $0.7 million in the first nine months of fiscal 2001, compared to the first nine months of fiscal 2000. The first nine months of fiscal 2000 included $3.1 million of income recognized from the disposition of non-core property, while the first nine months of fiscal 2001 included a $0.3 million loss recognized from the disposition of non-core property.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Total capitalization as of April 1, 2001 and June 30, 2000 amounted to $876.5 million and $884.4 million, respectively. The nine-month changes in capitalization included a $16.8 million increase in debt reflecting cash used to support our operations, offset by a reduction in equity of $24.8 million which was due primarily to a $8.6 million unfavorable decrease in foreign currency translation adjustments and our reported net loss.

We maintain a portfolio of investments classified primarily as available-for-sale securities, which had a fair market value of $12.8 million at April 1, 2001. The market value of these investments increased by $0.9 million in the nine months ended April 1, 2001. There is risk associated with market fluctuations inherent in stock investments, and because our portfolio is not diversified, large swings in its value may occur.

Net cash used for operating activities for the nine months ended April 1, 2001 and April 2, 2000 was $37.1 million and $45.2 million, respectively. The primary use of cash for operating activities in the first nine months of fiscal 2001 was a $22.8 million decrease in accounts payable and other accrued liabilities, a $14.4 million increase in inventories, and a $14.4 million increase in other current assets, offset partially by a $7.4 million decrease in accounts receivable. The primary use of cash for operating activities in the first nine months of fiscal 2000 was a $28.2 million increase in inventories and a $17.9 million decrease in accounts payable and other accrued liabilities, offset partially by a $8.3 million decrease in accounts receivable.

Net cash provided by investing activities was $2.1 million and $80.4 for the nine months ended April 1, 2001 and April 2, 2000, respectively. In the first nine months of fiscal 2001, the primary source of cash was $12.4 million provided from the sale of investments and dispositions of non-core real estate, partially offset by $11.3 million of capital expenditures and $1.7 million for real estate development at our Farmingdale shopping center. In the first nine months of fiscal 2000, the primary source of cash from investing activities was $108.8 million of net proceeds received from the dispositions of Dallas Aerospace, Nacanco and the Camloc Gas Springs division and $13.6 million received from the sale of investments, offset partially by capital expenditures of $24.8 million and investments in real estate of $26.4 million.

Net cash provided by financing activities for the nine months ended April 1, 2001 was $17.6 million and net cash used by financing activities was $3.5 million for the nine months ended April 2, 2000. Cash provided by financing activities in the first nine months of fiscal 2001, included $16.8 million of net proceeds from the issuance of additional debt. Cash used for financing activities in the first nine months of fiscal 2000 included a net debt repayment of $3.3 million and a $0.5 million purchase of treasury stock, offset partially by $0.3 million from the issuance of stock.

Our working capital requirement has increased in the first nine months of fiscal 2001, as our aerospace fasteners segment engaged in a new inventory supply program with a customer, requiring a significant investment in inventory. Under this program, we must maintain a certain level of inventory to fulfill the customer's monthly requirements. Sales under the program are expected to increase in the fourth quarter of fiscal 2001.

Our principal cash requirements include debt service, capital expenditures, real estate development, and payment of other liabilities. Other liabilities that require the use of cash include postretirement benefits, environmental investigation and remediation obligations, and litigation settlements and related costs. We expect that cash on hand, cash generated from operations, cash available from borrowings and additional financing and asset sales will be adequate to satisfy our cash requirements during the next twelve months.

We are required under the credit agreement to comply with certain financial and non-financial loan covenants, including maintaining certain interest and fixed charge coverage ratios and maintaining certain indebtedness to EBITDA ratios at the end of each fiscal quarter. Additionally, the credit agreement restricts annual capital expenditures to $40 million during the life of the facility. Except for non-guarantor assets, substantially all of our assets are pledged as collateral under the credit agreement. The credit agreement restricts the payment of dividends to our shareholders to an aggregate of the lesser of $0.01 per share or $0.4 million over the life of the agreement. Noncompliance with any of the financial covenants without cure or waiver would constitute an event of default under the credit agreement. An event of default resulting from a breach of a financial covenant may result, at the option of lenders holding a majority of the loans, in an acceleration of the principal and interest outstanding, and a termination of the revolving credit line. At April 1, 2001, we were in full compliance with all the covenants under the credit agreement.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

In fiscal 1998, we entered into a ten-year interest rate swap agreement to reduce our cash flow exposure to increases in interest rates on variable rate debt. The ten-year interest rate swap agreement provides us with interest rate protection on $100 million of variable rate debt, with interest being calculated based on a fixed LIBOR rate of 6.24% to February 17, 2003. On February 17, 2003, the bank will have a one-time option to elect to cancel the agreement or to do nothing and proceed with the transaction, using a fixed LIBOR rate of 6.715% for the period February 17, 2003 to February 19, 2008.

We did not elect to pursue hedge accounting for the interest rate swap agreement, which was executed to provide an economic hedge against cash flow variability on the floating rate note. When evaluating the impact of SFAS No. 133 on this hedge relationship, we assessed the key characteristics of the interest rate swap agreement and the note. Based on this assessment, we determined that the hedging relationship would not be highly effective. The ineffectiveness is caused by the existence of the embedded written call option in the interest rate swap agreement, and the absence of a mirror option in the hedged item. As such, pursuant to SFAS No. 133, we designated the interest rate swap agreement in the no hedging designation category. Accordingly, we have recognized a non-cash decrease in fair market value of interest rate derivatives of $3.4 million and $6.9 million in the second quarter and first six months of fiscal 2001, respectively as a result of the fair market value adjustment for our interest rate swap agreement.

The fair market value adjustment of these agreements will generally fluctuate based on the implied forward interest rate curve for 3-month LIBOR. As the implied forward interest rate curve decreases, the fair market value of the interest hedge contract will increase and we will record an additional charge. As the implied forward interest rate curve increases, the fair market value of the interest hedge contract will decrease, and we will record income.

In March 2000, the Company issued a floating rate note with a principal amount of $30,750,000. Embedded within the promissory note agreement is an interest rate cap. The embedded interest rate cap limits the 1-month LIBOR interest rate that we must pay on the note to 8.125%. At execution of the promissory note, the strike rate of the embedded interest rate cap of 8.125% was above the 1-month LIBOR rate of 6.61%. Under SFAS 133, the embedded interest rate cap is considered to be clearly and closely related to the debt of the host contract and is not required to be separated and accounted for separately from the host contract. For the six months ended December 31, 2000, we accounted for the hybrid contract, comprised of variable rate note and the embedded interest rate cap as a single debt instrument.

The table below provides information about our derivative financial instruments and other financial instruments that are sensitive to changes in interest rates, which include interest rate swaps. For interest rate swaps, the table presents notional amounts and weighted average interest rates by expected (contractual) maturity dates. Notional amounts are used to calculate the contractual payments to be exchanged under the contract. Weighted average variable rates are based on implied forward rates in the yield curve at the reporting date.

	(In thousands)	
Expected Fiscal Year Maturity Date	2003	2008

Type of Interest Rate Contracts	Interest Rate Cap	Variable to Fixed
Variable to Fixed	$30,750	$100,000
Fixed LIBOR rate	N/A	6.24% (a)
LIBOR cap rate	8.125%	N/A
Average floor rate	N/A	N/A
Weighted average forward LIBOR rate	4.89%	5.49%
Fair Market Value at April 1, 2001	$44	$(7,726)

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The information required to be disclosed under this Item is set forth in Footnote 6 (Contingencies) of the Consolidated Financial Statements (Unaudited) included in this Report.

Item 2. Changes in Securities and Use of Proceeds

At the Annual Meeting held on November 20, 2000, our Stockholders approved the issuance of 52,500 stock options (in the aggregate) to non-employee directors. On January 23, 2001, the shares to be issued pursuant to these stock options were registered with the Securities and Exchange Commission. A description of the stock options was included in our Proxy Statement for the November 20, 2000 Annual Meeting.

Item 5. Other Information

Articles have appeared in the French press reporting an inquiry by a French magistrate into allegedly improper business transactions involving Elf Acquitaine, a French petroleum company, its former chairman and various third parties. In connection with this inquiry, the magistrate has made inquiry into allegedly improper transactions between Mr. Steiner and that petroleum company. In response to the magistrate's request that Mr. Steiner appear in France as a witness, Mr. Steiner submitted written statements concerning the transactions and appeared in person before the magistrate and others. The magistrate has put Mr. Steiner under examination (mis en examen) with respect to this matter and imposed a surety (caution) of ten million French francs which has been paid. Mr. Steiner has not been charged.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits:

None

(b) Reports on Form 8-K:

There were no reports filed on Form 8-K during the quarter ended April 1, 2001 for which this report is filed.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Company has duly caused this report to the signed on its behalf by the undersigned hereunto duly authorized.

For THE FAIRCHILD CORPORATION
(Registrant) and as its Chief
Financial Officer:

By: /s/ MICHAEL T. ALCOX

Michael T. Alcox
Senior Vice President and
Chief Financial Officer

Date: May 10, 2001

tem work. In addition, our storm restoration revenues are offset in part by declines in our transmission and distribution (T&D) services because we staff storm restoration mobilizations by diverting resources from our T&D services.

Seasonal variations and inclement weather may cause fluctuations in our operating results, profitability, cash flow and working capital needs related to our Utility T&D segment.

We have not historically considered seasonality a significant risk, but because a significant portion of our business in our *Utility T&D* segment is performed outdoors, our results of operations are exposed to seasonal variations and inclement weather. Our *Utility T&D* segment performs less work in the winter months, and work is hindered during other inclement weather events. Our *Utility T&D* segment revenue and profitability often decrease during the winter months and during severe weather conditions because work performed during these periods is more costly to complete. During periods of peak electric power demand in the summer, utilities generally are unable to remove their electric power T&D equipment from service, decreasing the demand for our maintenance services during such periods. The seasonality of this segment s business also causes our working capital needs to fluctuate. Because this segment s operating cash flow is usually lower during and immediately following the winter months, we typically experience a need to finance a portion of this segment s working capital during the spring and summer.

We depend on our ability to protect our intellectual property and proprietary rights in our cable restoration and testing businesses, and we cannot be certain of their confidentiality and protection.

Our success in the cable restoration and testing markets depends in part on our ability to protect our proprietary products and services. If we are unable to protect our proprietary products and services, our cable restoration and testing business may be adversely affected. To protect our proprietary technology, we rely primarily on trade secrets and confidentiality restrictions in contracts with employees, customers and other third parties. We also have a license to the patents Dow Corning Corporation holds from the U.S. Patent and Trademark Office relating to our CableCURE® product. In addition, we hold a number of U.S. and international patents, most of which relate to certain materials used in treating cables with CableCURE®. We also hold the patent and trademark to CableWISE®. If we fail to protect our intellectual property rights adequately, our competitors may gain access to that technology, and our cable restoration business may be harmed. Any of our intellectual property rights may be challenged by others or invalidated through administrative processes or litigation proceedings. Despite our efforts to protect our proprietary technology, unauthorized persons may be able to copy, reverse engineer or otherwise use some of our proprietary technology. Furthermore, existing laws may afford only limited protection, and the laws of certain countries in which we operate do not protect proprietary technology as well as established law in the U.S. For these reasons, we may have difficulty protecting our proprietary technology against unauthorized copying or use or maintaining our market share with respect to our proprietary technology offerings. In addition, litigation may be necessary to protect our proprietary technology. This type of litigation is often costly and time consuming, with no assurance of success.

We contribute to multi-employer plans that could result in liabilities to us if those plans are terminated or we withdraw from those plans.

We contribute to several multi-employer pension plans for employees covered by collective bargaining agreements. These plans are not administered by us and contributions are determined in accordance with provisions of negotiated labor contracts. The Employee Retirement Income Security Act of 1974, as amended by the Multi-employer Pension Plan Amendments Act of 1980, imposes certain liabilities upon employers who are contributors to a multi-employer plan in the event of the employer s withdrawal from, or upon termination of, such plan. We do not routinely review information on the net assets and actuarial present value of the multi-employer pension plans unfunded vested benefits allocable to us, if any, and we are not presently aware of the amounts, if any, for which we may be contingently liable if we were to withdraw from any of these plans. In addition, if the funding of any of these multi-employer plans becomes in critical status under the Pension Protection Act of 2006, we could be required to make significant additional contributions to those plans.

RISKS RELATED TO OUR COMMON STOCK

Our common stock, which is listed on the New York Stock Exchange, has from time to time experienced significant price and volume fluctuations. These fluctuations are likely to continue in the future, and you may not be able to resell your shares of common stock at or above the purchase price paid by you.

The market price of our common stock may change significantly in response to various factors and events beyond our control, including the following:

- the risk factors described in this prospectus;
- a shortfall in operating revenue or net income from that expected by securities analysts and investors;
- changes in securities analysts estimates of our financial performance or the financial performance of our competitors or companies in our industries generally;
- general conditions in our customers industries; and
- general conditions in the securities markets.

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Our certificate of incorporation and bylaws may inhibit a takeover, which may adversely affect the performance of our stock.

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

- provide for a classified board of directors, which allows only one-third of our directors to be elected each year;
- deny stockholders the ability to take action by written consent;
- establish advance notice requirements for nominations for election to our Board of Directors and business to be brought by stockholders before any meeting of the stockholders;
- provide that special meetings of stockholders may be called only by our Board of Directors, Chairman, Chief Executive Officer or President; and
- authorize our Board of Directors to designate the terms of and issue new series of preferred stock.

Future sales of our common stock may depress our stock price.

Sales of a substantial number of shares of our common stock in the public market or otherwise, either by us, a member of management or a major stockholder, or the perception that these sales could occur, may depress the market price of our common stock and impair our ability to raise capital through the sale of additional equity securities.

In the event we issue stock as consideration for certain acquisitions or to fund our corporate activities, we may dilute share ownership.

We grow our business organically as well as through acquisitions. One method of acquiring companies or otherwise funding our corporate activities is through the issuance of additional equity securities. If we do issue additional equity securities, such issuances may have the effect of diluting our earnings per share as well as our existing stockholders individual ownership percentages in our company.

Our prior sale of common stock, warrants and convertible notes, and our outstanding warrants and convertible notes may lead to further dilution of our issued and outstanding stock.

In November 2007, we completed an underwritten public offering of 7,906,250 shares of our common stock. In October 2006, we sold 3,722,360 shares of our common stock and warrants to purchase an additional 558,354 shares (of which, warrants to purchase 536,925 shares of common stock remained outstanding at December 31, 2010). The issuance of warrants and the prior issuance of $84.5 million of our 6.5% Senior Convertible Notes due 2012 (the 6.5% Notes) may cause a significant increase in the number of shares of common stock currently outstanding. In May 2007, we induced the conversion of approximately $52.5 million in aggregate principal amount of our outstanding 6.5% Notes into a total of 2,987,582 shares of our common stock. As of December 31, 2010, 1,825,587 shares of common stock are issuable upon conversion of approximately $32.1 million in aggregate principal amount of the 6.5% Notes. If we elect to induce the conversion of additional convertible notes or holders elect to convert additional convertible notes, there may be a significant increase in the number of shares of our common stock outstanding.

Our authorized shares of common stock consist of 70 million shares. The issuance of additional common stock or securities convertible into our common stock would result in further dilution of the ownership interest in us held by existing stockholders. We are authorized to issue, without stockholder approval, one million shares of preferred stock, which may give other stockholders dividend, conversion, voting and liquidation rights, among other rights, which may be superior to the rights of holders of our common stock. While our Board of Directors has no present intention of issuing any such preferred stock, other than pursuant to any earnout payments that may be made in connection with our acquisition of InfrastruX, it reserves the right to do so in the future.

USE OF PROCEEDS

We will not receive any of the proceeds from the sale of the shares in this offering. The selling stockholder will receive all of the proceeds from sales of the shares sold from time to time in this offering.

PRICE RANGE OF COMMON STOCK AND DIVIDEND POLICY

Our common stock is listed on the New York Stock Exchange under the symbol WG. The following table sets forth the high and low sale prices per share for our common stock as reported by the New York Stock Exchange for the periods indicated:

	HIGH	LOW
For the fiscal year ended December 31, 2009		
First quarter	$11.64	$ 5.85
Second quarter	17.01	9.21
Third quarter	15.58	10.78
Fourth quarter	18.11	12.59
For the fiscal year ended December 31, 2010		
First quarter	$18.51	$11.57
Second quarter	13.76	7.36
Third quarter	9.75	6.80
Fourth quarter	10.02	6.84
For the fiscal year ended December 31, 2011		
First quarter	$12.55	$ 9.03
Second quarter (through April 8, 2011)	11.87	10.73

Substantially all of our stockholders maintain their shares in street name accounts and are not, individually, stockholders of record. As of April 6, 2011, our common stock was held by 227 holders of record and an estimated 7,400 beneficial owners.

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

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CAUTIONARY NOTICE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus, including the documents that we incorporate by reference, contains forward-looking statements. All statements, other than statements of historical facts, included or incorporated by reference in this prospectus that address activities, events or developments which we expect or anticipate will or may occur in the future, including such things as future capital expenditures (including the amount and nature thereof), oil, gas, gas liquids and power prices, demand for our services, the amount and nature of future investments by governments, expansion and other development trends of the oil and gas, refinery, petrochemical and power industries, business strategy, expansion and growth of our business and operations, the outcome of government investigations and legal proceedings and other such matters are forward-looking statements. These forward-looking statements are based on assumptions and analyses we made in light of our experience and our perception of historical trends, current conditions and expected future developments as well as other factors we believe are appropriate under the circumstances. However, whether actual results and developments will conform to our expectations and predictions is subject to a number of risks and uncertainties. As a result, actual results could differ materially from our expectations. Factors that could cause actual results to differ from those contemplated by our forward-looking statements include, but are not limited to, the following:

- curtailment of capital expenditures and the unavailability of project funding in the oil and gas, refinery, petrochemical and power industries;

- increased capacity and decreased demand for our services in the more competitive industry segments that we serve;

- reduced creditworthiness of our customer base and higher risk of non-payment of receivables;

- inability to lower our cost structure to remain competitive in the market;

- inability of the energy service sector to reduce costs in the short term to a level where our customers project economics support a reasonable level of development work;

- inability to predict the timing of an increase in energy sector capital spending, which results in staffing below the level required when the market recovers;

- reduction of services to existing and prospective clients as they bring historically out-sourced services back in-house to preserve intellectual capital and minimize layoffs;

- the consequences we may encounter if we fail to comply with the terms and conditions of our final settlements with the Department of Justice (DOJ) and the Securities and Exchange Commission (SEC), including the imposition of civil or criminal fines, penalties, enhanced monitoring arrangements, or other sanctions that might be imposed by the DOJ and SEC;

- the issues we may encounter with respect to the federal monitor appointed under our Deferred Prosecution Agreement with the DOJ and any changes in our business practices which the monitor may require;

- the commencement by foreign governmental authorities of investigations into the actions of our current and former employees, and the determination that such actions constituted violations of foreign law;

- difficulties we may encounter in connection with the previous sale and disposition of our Nigeria assets and Nigeria based operations, including obtaining indemnification for any losses we may experience if, due to the non-performance by the purchaser of these assets, claims are made against any parent company guarantees we provided, to the extent those guarantees may be determined to have continued validity;

the dishonesty of employees and/or other representatives or their refusal to abide by applicable laws and our established policies and rules;

adverse weather conditions not anticipated in bids and estimates;

project cost overruns, unforeseen schedule delays and the application of liquidated damages;

the occurrence during the course of our operations of accidents and injuries to our personnel, as well as to third parties, that negatively affect our safety record, which is a factor used by many clients to pre-qualify and otherwise award work to contractors in our industry;

cancellation of projects, in whole or in part, for any reason;

failing to realize cost recoveries on claims or change orders from projects completed or in progress within a reasonable period after completion of the relevant project;

political or social circumstances impeding the progress of our work and increasing the cost of performance;

inability to obtain and maintain legal registration status in one or more foreign countries in which we are seeking to do business;

failure to obtain the timely award of one or more projects;

inability to identify and acquire suitable acquisition targets or to finance such acquisitions on reasonable terms;

inability to hire and retain sufficient skilled labor to execute our current work, our work in backlog and future work we have not yet been awarded;

inability to execute cost-reimbursable projects within the target cost, thus eroding contract margin and, potentially, contract income on any such project;

inability to obtain sufficient surety bonds or letters of credit;

inability to obtain adequate financing;

loss of the services of key management personnel;

the demand for energy moderating or diminishing;

downturns in general economic, market or business conditions in our target markets;

changes in and interpretation of U.S. and foreign tax laws that impact our worldwide provision for income taxes and effective income tax rate;

the potential adverse effects on our operating results if our non-U.S. operations became taxable in the United States;

changes in applicable laws or regulations, or changed interpretations thereof, including climate change legislation;

changes in the scope of our expected insurance coverage;

inability to manage insurable risk at an affordable cost;

enforceable claims for which we are not fully insured;

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incurrence of insurable claims in excess of our insurance coverage;

the occurrence of the risk factors listed elsewhere or incorporated by reference in this prospectus; and

other factors, most of which are beyond our control.

Consequently, all of the forward-looking statements made or incorporated by reference in this prospectus are qualified by these cautionary statements and there can be no assurance that the actual results or developments we anticipate will be realized or, even if substantially realized, that they will have the consequences for, or effects on, our business or operations that we anticipate today. We assume no obligation to update publicly any such forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by law.

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DESCRIPTION OF CAPITAL STOCK

General

We have 71,000,000 authorized shares of capital stock, consisting of (a) 70,000,000 shares of common stock, par value $0.05 per share; and (b) 1,000,000 shares of preferred stock, par value $0.01 per share.

Common Stock

As of April 6, 2011, 48,549,240 shares of our common stock were outstanding. All of the outstanding shares of our common stock are fully paid and nonassessable. The holders of our common stock are entitled to one vote for each share of common stock held on all matters voted upon by stockholders, including the election of directors. Holders of our common stock have no right to cumulate their votes in the election of directors. Subject to the rights of any then-outstanding shares of our preferred stock, the holders of our common stock are entitled to receive dividends as may be declared in the discretion of the board of directors out of funds legally available for the payment of dividends. We are prohibited from paying cash dividends under the provisions of our senior secured credit facility.

The holders of our common stock are entitled to share equally and ratably in our net assets upon a liquidation or dissolution after the payment or provision for all liabilities, subject to any preferential liquidation rights of any preferred stock that at the time may be outstanding. The holders of our common stock have no preemptive, subscription, conversion or redemption rights.

Preferred Stock

As of the date of this prospectus there were no outstanding shares of preferred stock. Our board of directors may, without further approval of the stockholders, issue preferred stock from time to time in one or more series and fix the dividend rates and terms, conversion rights, voting rights, redemption rights and terms, liquidation preferences, sinking fund and any other rights, preferences, privileges and restrictions applicable to each series of preferred stock.

The specific matters that the board of directors may determine include the following:

- the designation of each series;
- the number of shares of each series;
- the rate of any dividends;
- whether any dividends will be cumulative or non-cumulative;
- the terms of any redemption;
- the amount payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the company;
- rights and terms of any conversion or exchange;
- restrictions on the issuance of shares of the same series or any other series; and
- any voting rights.

The purpose of authorizing the board of directors to determine these rights, preferences, privileges and restrictions is to eliminate delays associated with a stockholder vote on specific issuances. The issuance of preferred stock, while providing flexibility in connection with possible acquisitions and other corporate purposes, could:

decrease the amount of earnings and assets available for distribution to holders of common stock;

adversely affect the rights and powers, including voting rights, of holders of common stock; and

have the effect of delaying, deferring or preventing a change in control.

For example, the board of directors, with its broad power to establish the rights and preferences of authorized but unissued preferred stock, could issue one or more series of preferred stock entitling holders to vote separately as a class on any proposed merger or consolidation, to convert preferred stock into a larger number of shares of common stock or other securities, to demand redemption at a specified price under prescribed circumstances related to a change in control, or to exercise other rights designed to impede a takeover.

Series A Preferred Stock

In connection with the acquisition of InfrastruX, our Board of Directors authorized the issuance of a new series of preferred stock (the Series A Preferred Stock) pursuant to a Certificate of Designations, Preferences and Rights filed with the Secretary of State of Delaware (the Certificate of Designations). Shares of Series A Preferred Stock will only be issued under certain circumstances at the time of any final adjustment payment owed by us or if the earnout is earned. If issued, the Series A Preferred Stock will rank senior with respect to dividend payments and the distribution of assets to all other classes of our equity securities.

Dividends will accrue on each share of Series A Preferred Stock at a rate per annum of 10 percent of the Original Price. The Original Price per share will be equal to the average closing price for our common stock for the 10 consecutive trading days ending on the trading day immediately prior to issuance, multiplied by 100. In addition, holders of the Series A Preferred Stock will participate with respect to any dividends or distributions paid in cash or in kind on our common stock on a 100-to-1 basis, which participation shall accrue interest at a rate per annum of 11 percent. Dividends will accrue from the date on which a share of Series A Preferred Stock is issued by us until paid, whether or not declared, and will be cumulative. Dividends that have not been paid in full or that are otherwise in default in respect of a dividend payment date will accrue interest at a rate of 11 percent per annum.

In the event of certain liquidation events or a change in control, before any amount is paid to the holders of common stock and any other junior securities, the holders of Series A Preferred Stock will be entitled to receive an amount per share equal to the greater of (i) the Original Price plus any declared and/or accrued but unpaid dividends thereon or (ii) the proceeds to be distributed to the holders of shares of common stock, on a 100-to-1 basis, plus an amount equal to declared and/or accrued but unpaid dividends on the Series A Preferred Stock. In the event that our assets are insufficient to permit such payments in full, our entire assets legally available for distribution shall be distributed with equal priority and pro rata among the holders of the Series A Preferred Stock.

The Series A Preferred Stock will be redeemable by us at any time after the third anniversary of the date of issuance at a price per share equal to the Original Price, plus an amount equal to declared and/or accrued but unpaid dividends thereon to the date of redemption. At any time after the fifth anniversary of the issuance of the Series A Preferred Stock, at the election of greater than 50 percent of the shares of Series A Preferred Stock outstanding, we will be required to redeem that portion of the Series A Preferred Stock which the holders have elected to be redeemed at a price per share equal to the Original Price, plus an amount equal to declared and/or accrued but unpaid dividends thereon to the date of redemption. In the event of a change in control, at the election of any holder of Series A Preferred Stock outstanding, we will be required to redeem that portion of the Series A Preferred Stock which any such holder has elected to be redeemed at a price per share equal to the greater of (i) the Original Price plus any declared and/or accrued but unpaid dividends thereon or (ii) the proceeds to be distributed to the holders of shares of common stock, on a 100-to-1 basis, plus an amount equal to declared and/or accrued but unpaid dividends on the Series A Preferred Stock.

The Series A Preferred Stock will not be convertible into our common stock. The affirmative vote of the holders of greater than 50 percent of the outstanding shares of Series A Preferred Stock, voting separately as a single class, will be required before the Certificate of Designations or our Certificate of Incorporation may be amended in any way that would adversely alter the rights, preferences and privileges of the Series A Preferred Stock or result in

the issuance of additional Series A Preferred Stock or the creation of any equity security having preference over, or ranking pari passu with, the Series A Preferred Stock. Additionally, at such time and for so long as any dividends payable on the Series A Preferred Stock are not paid in full or are otherwise in default, the written consent or affirmative vote of the holders of greater than 50 percent of the outstanding shares of Series A Preferred Stock, consenting or voting separately as a single class, will be required before we may (i) declare or pay dividends or make any other distributions on any shares of stock ranking junior to the Series A Preferred Stock, (ii) declare or pay dividends or make any other distributions on any shares of stock ranking on a parity with the Series A Preferred Stock, except dividends paid ratably on the shares of Series A Preferred Stock and all such parity stock, (iii) redeem, purchase or otherwise acquire for consideration shares of any stock ranking junior to the Series A Preferred Stock, except as provided by the Certificate of Designations, or (iv) redeem, purchase or otherwise acquire for consideration any shares of Series A Preferred Stock, or any stock ranking on a parity with the Series A Preferred Stock, except as provided by the Certificate of Designations. The holders of the Series A Preferred Stock will have no other voting rights.

Anti-Takeover Effects of Provisions of our Certificate of Incorporation and Bylaws

Our certificate of incorporation and bylaws contain provisions that might be characterized as anti-takeover provisions. These provisions may deter or render more difficult proposals to acquire control of our Company, including proposals a stockholder might consider to be in his or her best interest, impede or lengthen a change in membership of the board of directors and make removal of our management more difficult.

Classified Board of Directors; Removal of Directors; Advance Notice Provisions for Stockholder Nominations

Our certificate of incorporation provides for the board of directors to be divided into three classes of directors serving staggered three-year terms, with the numbers of directors in the three classes to be as nearly equal as possible. Any director may be removed from office but only for cause and only by the affirmative vote of a majority of the then-outstanding shares of stock entitled to vote on the matter. Any stockholder wishing to submit a nomination to the board of directors must follow the procedures outlined in our bylaws. Any proposal to amend or repeal the provisions of our certificate of incorporation relating to the matters contained above in this paragraph requires the affirmative vote of the holders of 75% or more of the outstanding shares of stock entitled to vote on the matter.

Stockholder Action by Written Consent

Our certificate of incorporation and bylaws prohibit stockholder action by written consent.

Special Meetings of Stockholders

Our bylaws provide that special meetings of the stockholders may be called at any time only by the board of directors, the chairman of the board, the chief executive officer or the president.

Issuance of Preferred Stock

As described above, our certificate of incorporation authorizes a class of undesignated preferred stock consisting of 1,000,000 shares. Preferred stock may be issued from time to time in one or more series, and the board of directors, without further approval of the stockholders, is authorized to fix the rights, preferences, privileges and restrictions applicable to each series of preferred stock. The purpose of authorizing the board of directors to determine these rights, preferences, privileges and restrictions is to eliminate delays associated with a stockholder vote on specific issuances. The issuance of preferred stock, while providing flexibility in connection with possible acquisitions and other corporate purposes, could, among other things, adversely affect the voting power of the holders of our common stock and, under certain circumstances, make it more difficult for a third party to gain control of us.

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Business Combination Statute

Section 203 of the Delaware General Corporation Law (the DGCL), in general, prohibits a business combination between a corporation and an interested stockholder within three years of the time the stockholder became an interested stockholder, unless (a) prior to such time, the board of directors of the corporation approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder, (b) upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, exclusive of shares owned by directors who are also officers and by certain employee stock plans, or (c) at or subsequent to such time, the business combination is approved by the board of directors and authorized at a stockholders meeting by at least two-thirds of the outstanding voting stock that is not owned by the interested stockholder. The restrictions of Section 203 of the DGCL do not apply to corporations that have elected, in the manner provided therein, not to be subject to Section 203 of the DGCL or, with certain exceptions, that do not have a class of voting stock that is listed on a national securities exchange or held of record by more than 2,000 stockholders. We have elected to be subject to Section 203 of the DGCL.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is Mellon Investor Services LLC.

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SELLING STOCKHOLDER

The shares being offered pursuant to this prospectus by the selling stockholder are shares of our common stock previously issued to the selling stockholder. For additional information regarding the issuance of shares to the selling stockholder, see Willbros Group, Inc. InfrastruX Acquisition and Private Placement of Common Stock above. We are registering the shares in order to permit the selling stockholder to offer the shares for resale from time to time.

The table below sets forth certain information about the selling stockholder, including the name of the selling stockholder, its beneficial ownership prior to and after the completion of this offering and the number of shares of our common stock that the selling stockholder intends to sell in this offering. Except as set forth below or in the documents that we incorporate by reference, to our knowledge, neither the selling stockholder nor any entity controlling, controlled by or under common control with the selling stockholder has had any material relationship with us or any of our predecessors or affiliates within the past three years. The number of shares of common stock beneficially owned by the selling stockholder is based upon information furnished to us by or on behalf of the selling stockholder through April 6, 2011. The selling stockholder may have sold, transferred or otherwise disposed of, or purchased or otherwise acquired, shares of common stock since the date on which it provided information to us regarding its shares.

Name of Selling Stockholder	Number of Shares Owned Prior to Offering	Maximum Number of Shares to be Sold Pursuant to this Prospectus	Number of Shares Owned After Offering(1)	Percentage Beneficially Owned After Offering(1)
InfrastruX Holdings, LLC(2)	7,919,575	7,919,575	0	0%

(1) Assumes that the selling stockholder sells all shares being offered under this prospectus. However, to our knowledge, there are no agreements, arrangements or understandings with respect to the sale of any shares, and selling stockholder may decide to sell only a portion or none of its shares that are offered under this prospectus.

(2) The address of InfrastruX Holdings, LLC is c/o Tenaska Capital Management, LLC, 1044 North 115th Street, Suite 400, Omaha, Nebraska 68154. InfrastruX Holdings, LLC is majority owned by TPF InfrastruX Holdings, LLC, a limited liability company organized under the laws of the State of Delaware, that is wholly owned by Tenaska Power Fund, L.P., and is managed by TPF Power, Inc. Tenaska Power Fund, L.P., through one or more of its affiliates, may be deemed to control TPF Power, Inc. Tenaska PF G, LLC is the general partner of Tenaska Power Fund, L.P. Tenaska PF G, LLC is managed by Tenaska PF, Inc. As a result, Tenaska Power Fund, L.P. and Tenaska PF, Inc. may be deemed to hold voting and disposition power with respect to all of the shares held by InfrastruX Holdings, LLC. Tenaska PF, Inc. is managed by a four-person board of directors, and all board action requires approval of a majority of the board. The address of Tenaska Power Fund, L.P. is c/o Tenaska Capital Management, LLC, 1044 North 115th Street, Suite 400, Omaha, Nebraska 68154. The address of Tenaska PF, Inc. is c/o Tenaska Capital Management, LLC, 1044 North 115th Street, Suite 400, Omaha, Nebraska 68154. Tenaska Power Fund, L.P. and its affiliates own on a fully-diluted basis approximately 93.5% of the interests of InfrastruX Holdings, LLC. Tenaska Capital Management, LLC, an affiliate of Tenaska Power Fund, L.P., provides portfolio management and administrative services to Tenaska Power Fund, L.P.

We have entered into a Stockholder Agreement (the Stockholder Agreement) with the selling stockholder, which (i) establishes certain restrictions on transfer and resale with respect to any shares of our common stock beneficially owned by the selling stockholder and any affiliate transferees of the selling stockholder (collectively, the Investor Group) that agree to be bound by the provisions and entitled to the rights of the Stockholder Agreement and (ii) provides for certain corporate governance and registration rights.

Pursuant to the Stockholder Agreement, we have increased the size of our Board of Directors from eight to ten members, and the Board of Directors appointed Alan B. Levande and Daniel E. Lonergan to fill the newly created vacancies (each, an Investor Designee and, together with any other directors who may be designated by the selling stockholder, the Investor Designees). For a period of two years after the closing date of the acquisition, the selling stockholder is entitled to designate two Investor Designees as long as the Investor Group beneficially owns all of the shares of Company common stock received in connection with the acquisition (the Initial Shares). After two years or such earlier time when the Investor Group no longer beneficially owns all of the Initial Shares, the selling stockholder will have the right to two Investor Designees as long as the Investor Group beneficially owns at least 15% of all shares of Company common stock then outstanding, and one Investor Designee as long as the Investor Group beneficially owns at least 10% but less than 15% of all shares of Company common stock then outstanding.

The Stockholder Agreement provides that, as long as the Investor Group is entitled to designate one Investor Designee, the Investor Group will vote all of its shares of Company common stock in support of the Board of Directors slate of directors, and be present, in person or by proxy, at all meetings of our stockholders so that all of the shares beneficially owned by the Investor Group may be counted for purposes of determining the presence of a quorum. The selling stockholder also agreed that no member of the Investor Group will grant any proxies with respect to the shares of our common stock owned by it, other than to us, our designee or another member of the Investor Group, or deposit any shares of our common stock into a voting trust or subject any of such shares to any similar arrangement, other than with respect to another member of the Investor Group.

Pursuant to the Stockholder Agreement, until the date that is six months after the date on which the Investor Group ceases to be the beneficial owner of 10% or more of the outstanding shares of our common stock, the selling stockholder has agreed that neither it nor any member of the Investor Group will directly or indirectly acquire or agree to acquire any shares of our common stock that would result in an increase in the percentage interest held by the Investor Group above the percentage held by the Investor Group on the closing date. In addition, the selling stockholder agreed that neither it nor any member of the Investor Group will take certain actions, including the solicitation of proxies to vote in any election contest with respect to us or initiate or induce any other person to initiate any stockholder proposal.

Under the Stockholder Agreement, transfer restrictions apply to the Investor Group until it no longer beneficially owns 5% or more of the then-outstanding shares of our common stock. Transfers by the Investor Group other than to affiliates who agree to be bound by the Stockholder Agreement are prohibited during the first 180 days after the closing date. During the period between 180 days and one year after the closing date, the Investor Group may sell up to $50,000,000 of our common stock in the aggregate (based on the prices at which such shares are sold by the Investor Group, net of selling commissions), and may freely sell any of their shares after one year, provided that, except as otherwise provided in the Stockholder Agreement, the Investor Group may not sell, in one transaction or a series of related private transactions, more than 4.99% of the then-outstanding shares of our common stock to any one person or group, or any shares to any person or group known to own 5% or more of the then-outstanding shares of our common stock (except in multiple open market transactions).

We agreed to file a registration statement with the SEC which will be available for the resale of all shares of common stock acquired by the selling stockholder in the acquisition (the Investor Shares), and to use our best efforts to have the registration statement declared effective by the SEC within 180 days after the completion of the acquisition. The Investor Group may elect to sell shares under this registration statement in an underwritten public offering. In addition, the Stockholder Agreement provides the Investor Group with certain piggyback registration rights, pursuant to which the Investor Group may elect to participate in an underwritten public offering of our common stock initiated by us or another of our stockholders.

Pursuant to the terms of our agreement for the acquisition of InfrastruX, the selling stockholder may receive earnout payments if certain targets are met.

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PLAN OF DISTRIBUTION

We are registering the shares of common stock previously issued to permit the resale of these shares by the holders of the shares from time to time after the date of this prospectus. We will not receive any of the proceeds from the sale by the selling stockholder of the shares. We will bear all fees and expenses incident to our obligation to register the shares referenced in this prospectus.

The selling stockholder may sell all or a portion of the shares beneficially owned by it and offered hereby from time to time directly or through one or more underwriters, broker-dealers or agents. If the shares are sold through underwriters or broker-dealers, the selling stockholder will be responsible for underwriting discounts or commissions or agent s commissions. The shares may be sold in one or more transactions at fixed prices, at prevailing market prices at the time of the sale, at varying prices determined at the time of sale, or at negotiated prices. These sales may be effected in transactions, which may involve crosses or block transactions,

on any national securities exchange or quotation service on which the securities may be listed or quoted at the time of sale;

in the over-the-counter market;

in transactions otherwise than on these exchanges or systems or in the over-the-counter market;

through the writing of options, whether such options are listed on an options exchange or otherwise;

in ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers;

through block trades in which the broker-dealer will attempt to sell the shares as agent but may position and resell a portion of the block as principal to facilitate the transaction;

through purchases by a broker-dealer as principal and resale by the broker-dealer for its account;

in an exchange distribution in accordance with the rules of the applicable exchange;

through privately negotiated transactions;

through short sales;

through sales pursuant to Rule 144;

by broker-dealers, who may agree with the selling securityholder to sell a specified number of such shares at a stipulated price per share;

through a combination of any such methods of sale; and

by any other method permitted pursuant to applicable law.

If the selling stockholder effects such transactions by selling shares to or through underwriters, broker-dealers or agents, such underwriters, broker-dealers or agents may receive commissions in the form of discounts, concessions or commissions from the selling stockholder or commissions from purchasers of the shares for whom they may act as agent or to whom they may sell as principal (which discounts, concessions or commissions as to particular underwriters, broker-dealers or agents may be in excess of those customary in the types of transactions involved). In connection with sales of the shares or otherwise, the selling stockholder may enter into hedging transactions with broker-dealers, which may in turn engage in short sales of the shares in the course of hedging in positions they assume. The selling stockholder may also sell shares short and deliver shares covered by this prospectus to close out short positions and to return borrowed shares in connection with such short sales. The selling stockholder may also loan or pledge its shares to broker-dealers that in turn may sell such shares, to the extent permitted by applicable law.

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The selling stockholder may, from time to time, pledge or grant a security interest in some or all of the shares owned by it and, if it defaults in the performance of its secured obligations, the pledgees or secured parties may offer and sell the shares from time to time pursuant to this prospectus or any amendment to this prospectus under Rule 424(b)(3) or other applicable provision of the Securities Act, amending, if necessary, the list of selling stockholders to include the pledgee, transferee or other successors in interest as selling stockholders under this prospectus. The selling stockholder also may transfer and donate the shares in other circumstances in which case the transferees, donees, pledgees or other successors in interest will be the selling beneficial owners for purposes of this prospectus.

The selling stockholder and any broker-dealer participating in the distribution of the shares may be deemed to be underwriters within the meaning of the Securities Act, and any commission paid, or any discounts or concessions allowed to, any such broker-dealer may be deemed to be underwriting commissions or discounts under the Securities Act. At the time a particular offering of the shares is made, a prospectus supplement, if required, will be distributed which will set forth the aggregate amount of shares being offered and the terms of the offering, including the name or names of any broker-dealers or agents, any discounts, commissions and other terms constituting compensation from the selling stockholder and any discounts, commissions or concessions allowed or reallowed or paid to broker-dealers.

Under the securities laws of some states, the shares may be sold in such states only through registered or licensed brokers or dealers. In addition, in some states the shares may not be sold unless such shares have been registered or qualified for sale in such state or an exemption from registration or qualification is available and is complied with.

There can be no assurance that the selling stockholder will sell any or all of the shares registered pursuant to the registration statement, of which this prospectus forms a part.

The selling stockholder and any other person participating in such distribution will be subject to applicable provisions of the Exchange Act and the rules and regulations thereunder, including, without limitation, Regulation M of the Exchange Act, which may limit the timing of purchases and sales of any of the shares by the selling stockholder and any other participating person. Regulation M may also restrict the ability of any person engaged in the distribution of the shares to engage in market-making activities with respect to the shares. All of the foregoing may affect the marketability of the shares and the ability of any person or entity to engage in market-making activities with respect to the shares.

Pursuant to the Stockholder Agreement, we will pay all expenses of the registration of the shares, estimated to be $90,064 in total, including, without limitation, SEC filing fees and expenses of compliance with state securities or blue sky laws; provided, however, that the selling stockholder will pay all underwriting discounts and selling commissions, if any. We will indemnify the selling stockholder against liabilities, including some liabilities under the Securities Act, in accordance with the Stockholder Agreement, or the selling stockholder will be entitled to contribution. We may be indemnified by the selling stockholder against civil liabilities, including liabilities under the Securities Act, that may arise from any written information furnished to us by the selling stockholder specifically for use in this prospectus, in accordance with the Stockholder Agreement, or we may be entitled to contribution.

Once sold under the registration statement, of which this prospectus forms a part, the shares will be freely tradable in the hands of persons other than our affiliates.

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LEGAL MATTERS

The validity of the shares of common stock offered by this prospectus will be passed upon by Conner & Winters, LLP, Tulsa, Oklahoma.

EXPERTS

The consolidated financial statements and schedule of Willbros Group, Inc. and subsidiaries as of December 31, 2010 and 2009 and for each of the years in the three-year period ended December 31, 2010, and management s assessment of the effectiveness of internal control over financial reporting as of December 31, 2010 included in our Annual Report on Form 10-K filed on March 15, 2011, which are incorporated by reference herein, have been incorporated by reference in reliance upon the reports of Grant Thornton LLP, independent registered public accountants, upon the authority of said firm as experts in accounting and auditing in giving said reports.

The consolidated financial statements of InfrastruX Group, Inc. as of December 31, 2008 and 2009, and for each of the years in the three-year period ended December 31, 2009, have been incorporated by reference herein in reliance upon the report of KPMG LLP, independent registered public accounting firm, incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

This prospectus constitutes a part of a registration statement on Form S-3 (together with all amendments, supplements, schedules and exhibits to the registration statement, referred to as the registration statement) that we have filed with the SEC under the Securities Act with respect to the securities offered by this prospectus. This prospectus does not contain all the information which is in the registration statement. Certain parts of the registration statement are omitted as allowed by the rules and regulations of the SEC. We refer you to the registration statement for further information about our company and the securities offered by this prospectus. Statements contained in this prospectus concerning the provisions of documents are not necessarily complete, and each statement is qualified in its entirety by reference to the copy of the applicable document filed with the SEC.

We also file annual, quarterly and special reports, proxy statements and other information with the SEC. You can inspect and copy the registration statement and the reports and other information we file with the SEC at the Public Reference Room maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549, at prescribed rates. You can obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains an Internet website which provides online access to reports, proxy and information statements and other information regarding companies that file electronically with the SEC at the address *http://www.sec.gov*.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The SEC allows us to incorporate by reference into this prospectus the information we file with them, which means we can disclose important business and financial information about us to you by referring you to those documents. The information incorporated by reference is considered to be a part of this prospectus, except for any information that is superseded by information included directly in this prospectus and any prospectus supplement. In addition, any filings we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of the initial filing of the registration statement and prior to the effectiveness of the registration statement will be incorporated by reference in this prospectus. We incorporate by reference the documents listed below that we previously filed with the SEC (SEC File No. 1-34259) and any future filings made with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act (other than any portions of such filings that are furnished rather than filed under applicable SEC rules) prior to the completion of the offering covered by this prospectus:

Our Annual Report on Form 10-K for the fiscal year ended December 31, 2010;

Our Current Reports on Form 8-K filed on August 4, 2010 and April 12, 2011; and

The description of our common stock contained in Amendment No. 1 to the Registration Statement on Form S-4 (No. 333-155281) filed on November 12, 2008, including any subsequent amendment or report filed for the purpose of updating such description.

These filings have not been included in or delivered with this prospectus. We will provide to each person, including any beneficial owner to whom this prospectus is delivered, a copy of any or all information that has been incorporated by reference in this prospectus but not delivered with this prospectus. You can access these documents on our website at *http://www.willbros.com* or you may request a copy of these filings at no cost, by writing or telephoning us at the following address:

Willbros Group, Inc.
4400 Post Oak Parkway
Suite 1000
Houston, TX 77027
Attention: Investor Relations
(713) 403-8000

Except as otherwise specifically incorporated by reference in this prospectus, information contained in, or accessible through, our website is not a part of this prospectus.

PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

Item 14. Other Expenses of Issuance and Distribution.

All amounts, which are payable by the Registrant, are estimates, except the SEC registration fee.

SEC registration fee	$ 10,064
Legal fees and expenses	35,000
Accounting fees and expenses	35,000
Miscellaneous	10,000
Total	$ 90,064

Item 15. Indemnification of Directors and Officers.

The Registrant is a corporation organized under Delaware law. Section 145 of the General Corporation Law of the State of Delaware provides generally that a corporation may indemnify any person who was or is a party to or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, or investigative in nature by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys fees) and, in a proceeding not by or in the right of the corporation, judgments, fines, and amounts paid in settlement, actually and reasonably incurred by him in connection with such action, suit or proceeding, if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation and, with respect to any criminal action or proceeding, had no reason to believe his conduct was unlawful. Delaware law further provides that a corporation may not indemnify any person against expenses incurred in connection with an action by or in the right of the corporation if such person shall have been adjudged to be liable in the performance of his duty to the corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in the view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for the expenses which such court shall deem proper. The bylaws of the Registrant provide that the corporation shall indemnify an officer or director against liability incurred by such person as authorized under the General Corporation Law of the State of Delaware. In addition, the directors and officers of the Registrant have entered into specific agreements which provide for indemnification of such persons by the Registrant under certain circumstances.

Section 102(b)(7) of the Delaware General Corporation Law permits a corporation to provide in its certificate of incorporation that a director of the corporation shall not be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director s duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) for unlawful payments of dividends or unlawful stock repurchases, redemptions or other distributions, or (iv) for any transaction from which the director derived an improper personal benefit. The Registrant s certificate of incorporation provides for limitation of liability for beach of fiduciary duty to the fullest extent permitted by the Delaware General Corporation Law.

The Registrant maintains standard policies of insurance under which coverage is provided to its directors and officers against certain liabilities, including certain liabilities arising under the Securities Act that might be incurred by them in such capacities.

Item 16. Exhibits.

The following is a list of all exhibits filed as a part of this Registration Statement on Form S-3, including those incorporated by reference herein.

Exhibit Number	Description
2.1	Agreement and Plan of Merger dated as of March 11, 2010, among the Company, Co Merger Sub I, Inc., Ho Merger Sub II, LLC and InfrastruX (previously filed as Exhibit 2 to our Current Report on Form 8-K dated March 10, 2010, filed March 16, 2010, and incorporated herein by reference).
2.2	Amendment to Agreement and Plan of Merger dated as of May 17, 2010 (previously filed as Exhibit 2 to our Current Report on Form 8-K dated May 17, 2010, filed May 20, 2010, and incorporated herein by reference).
2.3	Second Amendment to Agreement and Plan of Merger dated as of June 22, 2010 (previously filed as Exhibit 2 to our Current Report on Form 8-K dated June 22, 2010, filed June 28, 2010, and incorporated herein by reference).
2.4	Agreement and Plan of Merger dated December 10, 2008, among Willbros Group, Inc., a Delaware corporation, Willbros Group, Inc., a Republic of Panama corporation, and Willbros Merger, Inc., a Delaware corporation (previously filed as Annex A to the proxy statement/prospectus included in our Registration Statement on Form S-4, Registration No. 333-155281, and incorporated herein by reference).
4.1	Certificate of Incorporation of Willbros Group, Inc., a Delaware corporation (previously filed as Exhibit 3.1 to our Current Report on Form 8-K dated March 3, 2009, filed March 4, 2009, and incorporated herein by reference).
4.2	Bylaws of Willbros Group, Inc., a Delaware corporation (previously filed as Exhibit 3.2 to our Current Report on Form 8-K dated March 3, 2009, filed March 4, 2009, and incorporated herein by reference).
4.3	Form of stock certificate for Common Stock, par value $0.05, of Willbros Group, Inc., a Delaware corporation (previously filed as Exhibit 4.1 to our Quarterly Report on Form 10-Q for the quarter ended March 31, 2009, filed May 7, 2009, and incorporated herein by reference).
4.4	Indenture (including form of note) dated March 12, 2004 between Willbros Group, Inc., a Republic of Panama corporation, and JPMorgan Chase Bank, as trustee (previously filed as Exhibit 10.2 to our Quarterly Report on Form 10-Q for the quarter ended March 31, 2004, filed May 7, 2004, and incorporated herein by reference).
4.5	First Supplemental Indenture dated September 22, 2005, between Willbros Group, Inc., a Republic of Panama corporation, and JPMorgan Chase Bank, N.A., successor to JPMorgan Chase Bank, as trustee, to the Indenture, dated March 12, 2004 (previously filed as Exhibit 4.1 to our Current Report on Form 8-K dated September 22, 2005, filed September 28, 2005, and incorporated herein by reference).
4.6	Second Supplemental Indenture dated as of March 3, 2009, among Willbros Group, Inc., a Republic of Panama corporation, Willbros Group, Inc., a Delaware corporation and The Bank of New York Mellon Trust Company, N.A. (as successor to JPMorgan Chase Bank, N.A.), as trustee, to the Indenture, dated March 12, 2004 (previously filed as Exhibit 4.1 to our Current Report on Form 8-K dated March 3, 2009, filed March 4, 2009, and incorporated herein by reference).
4.7	Indenture (including form of note) dated December 23, 2005, among Willbros Group, Inc., a Republic of Panama corporation, Willbros USA, Inc., as guarantor and The Bank of New York, as trustee, (previously

filed as Exhibit 10.1 to our Current Report on Form 8-K dated December 21, 2005, filed December 23, 2005, and incorporated herein by reference).

4.8	First Supplemental Indenture dated November 2, 2007, among Willbros Group, Inc., a Republic of Panama corporation, Willbros USA, Inc., as guarantor, and The Bank of New York, as trustee, to the Indenture dated December 23, 2005 (previously filed as Exhibit 4.2 to our Current Report on Form 8-K dated November 2, 2007, filed November 5, 2007, and incorporated herein by reference).
4.9	Waiver Agreement dated November 2, 2007, between Willbros Group, Inc., a Republic of Panama corporation, and Portside Growth and Opportunity Fund with respect to the First Supplemental Indenture listed in Exhibit 4.8 above (previously filed as Exhibit 4.1 to the Current Report on Form 8-K dated November 2, 2007, filed November 5, 2007, and incorporated herein by reference).

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Exhibit Number	Description
4.10	Second Supplemental Indenture, dated as of March 3, 2009, among Willbros Group, Inc., a Republic of Panama corporation, Willbros Group, Inc., a Delaware corporation, Willbros United States Holdings, Inc., a Delaware corporation (formerly known as Willbros USA, Inc.), as guarantor, and The Bank of New York Mellon, (formerly known as The Bank of New York), as trustee (previously filed as Exhibit 4.2 to our Current Report on Form 8-K dated March 3, 2009, filed March 4, 2009, and incorporated herein by reference).
4.11	Form of Consent Agreement and Third Supplemental Indenture (previously filed as Exhibit 4.2 to our Current Report on Form 8-K dated March 10, 2010, filed March 16, 2010, and incorporated by reference herein).
4.12	Form of Amendment to Consent Agreement and Third Supplemental Indenture (previously filed as Exhibit 4.3 to our Quarterly Report on Form 10-Q for the quarter ended March 31, 2010, filed May 10, 2010, and incorporated herein by reference).
4.13	Form of Warrant dated October 27, 2006 (previously filed as Exhibit 10.2 to our Current Report on Form 8-K dated October 26, 2006, filed on October 27, 2006, and incorporated herein by reference).
4.14	Warrant Assumption Agreement dated as of January 30, 2009, between Willbros Group, Inc., a Republic of Panama corporation, and Willbros Group, Inc., a Delaware corporation (previously filed as Exhibit 10.3 to our Current Report on Form 8-K dated March 3, 2009, filed March 4, 2009, and incorporated herein by reference).
4.15	Stockholder Agreement dated as of March 11, 2010, between Willbros Group, Inc. and InfrastruX Holdings, LLC (previously filed as Exhibit 4.1 to our Current Report on Form 8-K dated March 10, 2010, filed March 16, 2010, and incorporated herein by reference).
4.16	Certificate of Designations of Series A Preferred Stock (previously filed as Exhibit 3 to our Current Report on Form 8-K dated June 30, 2010, filed July 7, 2010, and incorporated herein by reference).
5*	Opinion of Conner & Winters, LLP, regarding the legality of the securities.
23.1*	Consent of Grant Thornton LLP.
23.2*	Consent of KPMG LLP.
23.3*	Consent of Conner & Winters, LLP (included in Exhibit 5).
24*	Power of Attorney (included on the signature page to this Registration Statement).

* Included herewith.

Item 17. Undertakings.

(a) The undersigned Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of this Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in this Registration Statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the Calculation of Registration Fee table in the effective Registration Statement; and

(iii) To include any material information with respect to the plan of distribution not previously disclosed in this Registration Statement or any material change to such information in this Registration Statement;

provided, however, that paragraphs (i), (ii) and (iii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in reports filed with or furnished to the Commission by the Registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement, or is contained in a form of prospectus filed pursuant to Rule 424(b) that is part of the registration statement.

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(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(5) That, for purposes of determining liability under the Securities Act of 1933 to any purchaser, if the Registrant is relying on Rule 430B:

(A) Each prospectus filed by the Registrant pursuant to Rule 424(b)(3) shall be deemed to be part of the registration statement as of the date the filed prospectus was deemed part of and included in the registration statement; and

(B) Each prospectus required to be filed pursuant to Rule 424(b)(2), (b)(5) or (b)(7) as part of a registration statement in reliance on Rule 430B relating to an offering made pursuant to Rule 415(a)(1)(i), (vii) or (x) for the purpose of providing the information required by Section 10(a) of the Securities Act of 1933 shall be deemed to be part of and included in the registration statement as of the earlier of the date such form of prospectus is first used after effectiveness or the date of the first contract of sale of securities in the offering described in the prospectus. As provided in Rule 430B, for liability purposes of the issuer and any person that is at that date an underwriter, such date shall be deemed to be a new effective date of the registration statement relating to the securities in the registration statement to which the prospectus relates, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such effective date, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such effective date.

(b) The undersigned Registrant hereby undertakes that, for the purposes of determining any liability under the Securities Act of 1933, each filing of the Registrant s Annual Report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan s annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the Registration Statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(h) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Houston, State of Texas, on the 11th day of April, 2011.

WILLBROS GROUP, INC.

By: /s/ Robert R. Harl
Robert R. Harl
Chief Executive Officer and President

Each of the undersigned officers and directors of Willbros Group, Inc., a Delaware corporation, whose signature appears below hereby constitutes and appoints Robert R. Harl, Van A. Welch and Peter W. Arbour, and each of them, as his or her true and lawful attorneys-in-fact and agents, severally, with full power of substitution and resubstitution, in his or her name and on his or her behalf, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this Registration Statement, and to file the same with all exhibits thereto and all documents in connection therewith, with the SEC, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing necessary or appropriate to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed below by the following persons in the capacities and on the dates indicated:

Signature	Title	Date
/s/ John T. McNabb, II	Director and Chairman of the Board	April 11, 2011
John T. McNabb, II		
/s/ Robert R. Harl	Director, Chief Executive Officer and President (Principal Executive Officer)	April 11, 2011
Robert R. Harl		
/s/ Van A. Welch	Chief Financial Officer and Senior Vice President (Principal Financial Officer and Principal Accounting Officer)	April 11, 2011
Van A. Welch		
/s/ Michael J. Bayer	Director	April 11, 2011
Michael J. Bayer		
/s/ William B. Berry	Director	
William B. Berry		April 11, 2011
/s/ Arlo B. DeKraai	Director	April 11, 2011

Arlo B. DeKraai

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Signature	Title	Date
/s/ Edward J. DiPaolo	Director	April 11, 2011
Edward J. DiPaolo		
/s/ Alan B. Levande	Director	April 11, 2011
Alan B. Levande		
/s/ Daniel E. Lonergan	Director	April 11, 2011
Daniel E. Lonergan		
/s/ Robert L. Sluder	Director	April 11, 2011
Robert L. Sluder		
/s/ S. Miller Williams	Director	April 11, 2011
S. Miller Williams		

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INDEX TO EXHIBITS

Exhibit Number	Description
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2.2	Amendment to Agreement and Plan of Merger dated as of May 17, 2010 (previously filed as Exhibit 2 to our Current Report on Form 8-K dated May 17, 2010, filed May 20, 2010, and incorporated herein by reference).
2.3	Second Amendment to Agreement and Plan of Merger dated as of June 22, 2010 (previously filed as Exhibit 2 to our Current Report on Form 8-K dated June 22, 2010, filed June 28, 2010, and incorporated herein by reference).
2.4	Agreement and Plan of Merger dated December 10, 2008, among Willbros Group, Inc., a Delaware corporation, Willbros Group, Inc., a Republic of Panama corporation, and Willbros Merger, Inc., a Delaware corporation (previously filed as Annex A to the proxy statement/prospectus included in our Registration Statement on Form S-4, Registration No. 333-155281, and incorporated herein by reference).
4.1	Certificate of Incorporation of Willbros Group, Inc., a Delaware corporation (previously filed as Exhibit 3.1 to our Current Report on Form 8-K dated March 3, 2009, filed March 4, 2009, and incorporated herein by reference).
4.2	Bylaws of Willbros Group, Inc., a Delaware corporation (previously filed as Exhibit 3.2 to our Current Report on Form 8-K dated March 3, 2009, filed March 4, 2009, and incorporated herein by reference).
4.3	Form of stock certificate for Common Stock, par value $0.05, of Willbros Group, Inc., a Delaware corporation (previously filed as Exhibit 4.1 to our Quarterly Report on Form 10-Q for the quarter ended March 31, 2009, filed May 7, 2009, and incorporated herein by reference).
4.4	Indenture (including form of note) dated March 12, 2004 between Willbros Group, Inc., a Republic of Panama corporation, and JPMorgan Chase Bank, as trustee (previously filed as Exhibit 10.2 to our Quarterly Report on Form 10-Q for the quarter ended March 31, 2004, filed May 7, 2004, and incorporated herein by reference).
4.5	First Supplemental Indenture dated September 22, 2005, between Willbros Group, Inc., a Republic of Panama corporation, and JPMorgan Chase Bank, N.A., successor to JPMorgan Chase Bank, as trustee, to the Indenture, dated March 12, 2004 (previously filed as Exhibit 4.1 to our Current Report on Form 8-K dated September 22, 2005, filed September 28, 2005, and incorporated herein by reference).
4.6	Second Supplemental Indenture dated as of March 3, 2009, among Willbros Group, Inc., a Republic of Panama corporation, Willbros Group, Inc., a Delaware corporation and The Bank of New York Mellon Trust Company, N.A. (as successor to JPMorgan Chase Bank, N.A.), as trustee, to the Indenture, dated March 12, 2004 (previously filed as Exhibit 4.1 to our Current Report on Form 8-K dated March 3, 2009, filed March 4, 2009, and incorporated herein by reference).

4.7	Indenture (including form of note) dated December 23, 2005, among Willbros Group, Inc., a Republic of Panama corporation, Willbros USA, Inc., as guarantor and The Bank of New York, as trustee, (previously filed as Exhibit 10.1 to our Current Report on Form 8-K dated December 21, 2005, filed December 23, 2005, and incorporated herein by reference).
4.8	First Supplemental Indenture dated November 2, 2007, among Willbros Group, Inc., a Republic of Panama corporation, Willbros USA, Inc., as guarantor, and The Bank of New York, as trustee, to the Indenture dated December 23, 2005 (previously filed as Exhibit 4.2 to our Current Report on Form 8-K dated November 2, 2007, filed November 5, 2007, and incorporated herein by reference).
4.9	Waiver Agreement dated November 2, 2007, between Willbros Group, Inc., a Republic of Panama corporation, and Portside Growth and Opportunity Fund with respect to the First Supplemental Indenture listed in Exhibit 4.8 above (previously filed as Exhibit 4.1 to the Current Report on Form 8-K dated November 2, 2007, filed November 5, 2007, and incorporated herein by reference).

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Exhibit Number	Description
4.10	Second Supplemental Indenture, dated as of March 3, 2009, among Willbros Group, Inc., a Republic of Panama corporation, Willbros Group, Inc., a Delaware corporation, Willbros United States Holdings, Inc., a Delaware corporation (formerly known as Willbros USA, Inc.), as guarantor, and The Bank of New York Mellon, (formerly known as The Bank of New York), as trustee (previously filed as Exhibit 4.2 to our Current Report on Form 8-K dated March 3, 2009, filed March 4, 2009, and incorporated herein by reference).
4.11	Form of Consent Agreement and Third Supplemental Indenture (previously filed as Exhibit 4.2 to our Current Report on Form 8-K dated March 10, 2010, filed March 16, 2010, and incorporated by reference herein).
4.12	Form of Amendment to Consent Agreement and Third Supplemental Indenture (previously filed as Exhibit 4.3 to our Quarterly Report on Form 10-Q for the quarter ended March 31, 2010, filed May 10, 2010, and incorporated herein by reference).
4.13	Form of Warrant dated October 27, 2006 (previously filed as Exhibit 10.2 to our Current Report on Form 8-K dated October 26, 2006, filed on October 27, 2006, and incorporated herein by reference).
4.14	Warrant Assumption Agreement dated as of January 30, 2009, between Willbros Group, Inc., a Republic of Panama corporation, and Willbros Group, Inc., a Delaware corporation (previously filed as Exhibit 10.3 to our Current Report on Form 8-K dated March 3, 2009, filed March 4, 2009, and incorporated herein by reference).
4.15	Stockholder Agreement dated as of March 11, 2010, between Willbros Group, Inc. and InfrastruX Holdings, LLC (previously filed as Exhibit 4.1 to our Current Report on Form 8-K dated March 10, 2010, filed March 16, 2010, and incorporated herein by reference).
4.16	Certificate of Designations of Series A Preferred Stock (previously filed as Exhibit 3 to our Current Report on Form 8-K dated June 30, 2010, filed July 7, 2010, and incorporated herein by reference).
5*	Opinion of Conner & Winters, LLP, regarding the legality of the securities.
23.1*	Consent of Grant Thornton LLP.
23.2*	Consent of KPMG LLP.
23.3*	Consent of Conner & Winters, LLP (included in Exhibit 5).
24*	Power of Attorney (included on the signature page to this Registration Statement).

* Included herewith.