TUTOR PERINI Corp
Form 10-K
March 02, 2012

FORM 10-K

# United States Securities and Exchange Commission

Commission File No. 1-6314

Washington, DC 20549
(Mark One)
x Annual Report Pursuant to Section 13 or 15(d) of the Securities Act of 1934.

For the fiscal year ended December 31, 2011.

o Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

For the transition period from -to- .
Tutor Perini Corporation
(Exact name of registrant as specified in its charter)

| | |
|---|---|
| Massachusetts<br>(State of Incorporation) | 04-1717070<br>(IRS Employer Identification No.) |
| 15901 Olden Street, Sylmar, California<br>(Address of principal executive offices) | 91342<br>(Zip Code) |

(818) 362-8391
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

| Title of Each Class | Name of each exchange on which registered |
|---|---|
| Common Stock, $1.00 par value | The New York Stock Exchange |

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes o No x

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No x

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. x

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

| | | | |
|---|---|---|---|
| Large accelerated filer o | Accelerated filer x | Non-accelerated filer o<br>(Do not check if a smaller reporting company) | Smaller reporting company o |

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

The aggregate market value of voting Common Stock held by non-affiliates of the registrant was $615,862,761 as of June 30, 2011, the last business day of the registrant's most recently completed second fiscal quarter.

The number of shares of Common Stock, $1.00 par value per share, outstanding at February 29, 2012 was 47,329,275.

Documents Incorporated by Reference
Portions of the definitive proxy statement relating to the registrant's annual meeting of stockholders are incorporated by reference into Part III of this report.

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# PART I.

## Forward-looking Statements

The statements contained in this Annual Report on Form 10-K that are not purely historical are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, including without limitation, statements regarding our management's expectations, hopes, beliefs, intentions or strategies regarding the future and statements regarding future guidance or estimates and non-historical performance. These forward-looking statements are based on our current expectations and beliefs concerning future developments and their potential effects on us. Our expectations, beliefs and projections are expressed in good faith and we believe there is a reasonable basis for them. There can be no assurance that future developments affecting us will be those that we have anticipated. These forward-looking statements involve a number of risks, uncertainties (some of which are beyond our control) or other assumptions that may cause actual results or performance to be materially different from those expressed or implied by such forward-looking statements. These risks and uncertainties include, but are not limited to, our ability to successfully and timely complete construction projects; our ability to win new contracts and convert backlog into revenue; our ability to realize the anticipated economic and business benefits of our acquisitions and our strategy to assemble and operate a Specialty Contractors business segment; the potential delay, suspension, termination, or reduction in scope of a construction project; the continuing validity of the underlying assumptions and estimates of total forecasted project revenues, costs and profits and project schedules; the outcomes of pending or future litigation, arbitration or other dispute resolution proceedings; the availability of borrowed funds on terms acceptable to us; the ability to retain certain members of management; the ability to obtain surety bonds to secure our performance under certain construction contracts; possible labor disputes or work stoppages within the construction industry; changes in federal and state appropriations for infrastructure projects and the impact of changing economic conditions on federal, state and local funding for infrastructure projects; possible changes or developments in international or domestic political, social, economic, business, industry, market and regulatory conditions or circumstances; and actions taken or not taken by third parties, including our customers, suppliers, business partners, and competitors and legislative, regulatory, judicial and other governmental authorities and officials. Also see "Item 1A. Risk Factors" on pages 16 through 24. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

## ITEM 1. BUSINESS

### General

Tutor Perini Corporation, formerly known as Perini Corporation, was incorporated in 1918 as a successor to businesses which had been engaged in providing construction services since 1894. Tutor Perini Corporation and its subsidiaries (or "Tutor Perini," "Company," "we," "us," and "our," unless the context indicates otherwise) is a leadi construction company, based on revenues, as ranked by Engineering News-Record, or "ENR", offering diversified general contracting, construction management and design-build services to private clients and public agencies throughout the world.

We and our predecessors have provided construction services since 1894 and have established a strong reputation within our markets by executing large, complex projects on time and within budget while adhering to strict quality control measures. We offer general contracting, pre-construction planning and comprehensive project management services, including the planning and scheduling of the manpower, equipment, materials and subcontractors required for a project. We also offer self-performed construction services including site work, concrete forming and placement, steel erection, electrical and mechanical, plumbing and HVAC.

During 2011, we performed work on over 1,000 construction projects for over 400 federal, state and local government agencies or authorities and private customers. Our headquarters are in Sylmar, California, and we have various other principal office locations throughout the United States and certain U.S. territories (see Item 2 – Properties for a listing of our major offices). Our common stock is listed on the New York Stock Exchange under the symbol “TPC”.

Our business is conducted through four basic segments: Civil, Building, Specialty Contractors and Management Services as described below in the “Business Segment Overview”.

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Historically we have been recognized as one of the leading building contractors in the United States as evidenced by our performance on several of the largest hospitality and gaming projects, including Project CityCenter, the Cosmopolitan Casino and Resort and the McCarran International Airport Terminal 3 in Las Vegas, Nevada. In 2008 we embarked upon a strategy to better align our business to pursue markets with higher profitability margins and with the best long-term growth potential, while maintaining our presence as a leading contractor in the general building market. In September 2008 we completed a merger with Tutor-Saliba Corporation ("Tutor-Saliba") to provide us with enhanced opportunities for growth not available to us on a stand-alone basis through increased size, scale and management capabilities, complementary assets and expertise, particularly Tutor-Saliba's expertise in civil projects, immediate access to multiple geographic regions, and increased ability to compete for a large number of projects, particularly in the civil construction segment due to an increased bonding capacity. The success of the Tutor-Saliba merger and the execution of the Company's strategy to focus on acquiring higher margin building and civil public work are best illustrated by the dramatic growth we have experienced in our Civil segment. Despite the economic challenges associated with state and local funding over the past three years, we have experienced an over 300% increase in our Civil segment backlog and an over 170% increase in our Civil segment's contribution to our operating income.

In late 2010, we saw opportunities to continue to build our Company vertically and geographically through strategic acquisitions of companies which have demonstrated success in their respective markets. To fund this strategy and realize the opportunities and synergies that the strategic acquisitions offered, we issued $300 million of senior unsecured notes in October 2010 and a $200 million five-year term loan in August 2011. These funds were fully utilized by the third quarter 2011 to finance the acquisitions of seven companies with combined prior year annual revenues of $1.7 billion and a combined backlog at the respective acquisition dates of $2.6 billion. These acquisitions strengthened our geographic presence in our Building and Civil segments and also significantly increased our specialty contracting capabilities. In the third quarter of 2011 we completed an internal reorganization of our reporting segments with the creation of the Specialty Contractors segment. We believe that the successful completion of our acquisition strategy enables us to realize cross selling opportunities across an expanded geographic footprint, while continuing to focus on vertical integration through increased self-performed work capabilities, thus further improving profitability, and providing greater stability during economic cycles.

Business Segment Overview

Civil Segment

Our Civil segment specializes in public works construction and the repair, replacement and reconstruction of infrastructure across most of the major geographic regions of the United States. Our civil contracting services include construction and rehabilitation of highways, bridges, mass transit systems, and wastewater treatment facilities. Our customers primarily award contracts through one of two methods: the traditional public "competitive bid" method, in which price is the major determining factor, or through a request for proposals where contracts are awarded based on a combination of technical capability and price.

Traditionally, our Civil segment customers require each contractor to pre-qualify for construction business by meeting criteria that include technical capabilities and financial strength. Our financial strength and outstanding record of performance on challenging civil works projects often enables us to pre-qualify for projects in situations where smaller, less diversified contractors are unable to meet the qualification requirements. We believe this is a competitive advantage that makes us an attractive partner on the largest infrastructure projects and prestigious design-build, or DBOM (design-build-operate-maintain) contracts, which combine the nation's top contractors with engineering firms, equipment manufacturers and project development consultants in a competitive bid selection process to execute highly sophisticated public works projects. In its 2011 rankings based on revenue, ENR ranked us as the nation's tenth largest contractor in the transportation market, eleventh largest in the mass transit and rail markets, twelfth largest in the domestic heavy contractor markets, and sixteenth largest in the bridge market. Had the ENR 2011 rankings taken into account our acquisitions of Frontier-Kemper Constructors (“Frontier-Kemper”), Lunda Construction Company (“Lunda”) and Becho, Inc. (“Becho”) we believe that we would have ranked as the nation’s third largest contractor in the bridge market, the eighth largest in the domestic heavy contractor markets, and the ninth largest in the transportation market.

We believe the Civil segment provides significant opportunities for growth due to the age and condition of existing infrastructure coupled with large government funding sources aimed at the replacement and repair of aging U.S. infrastructure, including the increase in alternative funding sources such as public-private partnerships. The economic stimulus package includes significant funding for civil construction, public healthcare and public education projects over the next several years. In addition, multiple dedicated sources of funding for transportation at the local, state and federal levels exist in the form of dedicated taxes, bond funding and the Highway Trust Fund. More recent evidence of potential future U.S. government spending is illustrated in the “American Jobs Act” proposal which includes an estimated $50 billion of infrastructure spending, as well as the creation of a “National Infrastructure Bank” capitalized with an estimated $10 billion to leverage public and private capital. The ultimate impact of the American Jobs Act proposal is yet to be seen as it will still need to pass in Congress.

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We have been active in civil construction since 1894 and believe we have a particular expertise in large, complex civil construction projects. We have completed or are currently working on some of the most significant civil construction projects in the United States. We are currently working on the SR99 bored tunnel project in Seattle, Washington; the Queens Plaza substation project in Queens, New York; the reconstruction of the I-95 MD43 interchange in Baltimore, Maryland; the rehabilitation of the Tappan Zee Bridge in Westchester County, New York; the I-5 Bridge replacement in Shasta County, California; the Caldecott Tunnel Project near Oakland, California; the New Irvington tunnel in Fremont, California; the Harold Structures mass transit project in Queens, New York; runway paving at Andrews AFB in Maryland; and the construction of express toll lanes along I-95 in Maryland. We have completed work on the John F. Kennedy International Airport runway widening in Queens, New York; and various segments of the Greenwich Street corridor project in New York, New York.

In recent years, we have significantly expanded our Civil segment through a number of acquisitions. The Company's merger with Tutor-Saliba in September 2008 significantly expanded our civil construction presence. Tutor-Saliba is an established civil construction contractor specializing in mass transit, airport, bridge, and waste water treatment projects in the western United States. We have continued to grow our business vertically and geographically through strategic acquisitions throughout 2011. In June 2011, we acquired Frontier-Kemper, an Indiana-based privately held corporation that builds tunnels for highways, railroads, subways, rapid transit systems as well as shafts and other facilities for water supply and wastewater transport. It also develops and equips mines with innovative hoisting, elevator and vertical conveyance systems for the mining industry. In July 2011, we acquired Lunda, a Wisconsin-based heavy civil contractor engaged in the construction, rehabilitation and maintenance of bridges, railroads, and other civil structures in the midwest and throughout the United States. In August 2011, we acquired Becho, a privately held Utah-based corporation specializing in drilling, foundation, and excavation support for shoring, bridges, piers, roads and highway projects primarily in the southwestern United States. We believe that the Company has benefitted through these acquisitions by allowing us to expand our geographic presence, enhance our civil construction capabilities and add experienced management with a proven, successful track record.

Building Segment

Our Building segment has significant experience providing services to a number of specialized building markets for private and public works clients, including the hospitality and gaming, transportation, healthcare, municipal offices, sports and entertainment, education, correctional facilities, biotech, pharmaceutical, industrial and high-tech markets. We believe our success within the Building segment results from our proven ability to manage and perform large, complex projects with aggressive fast-track schedules, elaborate designs and advanced mechanical, electrical and life safety systems, while providing accurate budgeting and strict quality control. Although price is a key competitive factor, we believe our strong reputation, long-standing customer relationships and significant level of repeat and referral business have enabled us to achieve our leading position.

In its 2011 rankings based on revenue, ENR ranked us as the seventh largest contractor in the United States in the general building market. Had the ENR 2011 rankings taken into account our acquisition of Anderson Companies ("Anderson"), we believe that we would have ranked as the nation's fifth largest contractor in the general building market. Within the general building category, we were ranked as the largest builder in the entertainment facilities market, and the fifth largest builder in hotels, motels and convention centers market. We were also ranked the fifth largest green building contractor in the United States. We are a recognized leader in the hospitality and gaming market, specializing in the construction of high-end destination resorts and casinos and Native American developments. We work with hotel operators, Native American tribal councils, developers and architectural firms to provide diversified construction services to meet the challenges of new construction and renovation of hotel and resort properties. We believe that our reputation for completing projects on time is a significant competitive advantage in this market, as any delay in project completion may result in significant loss of revenues for the customer.

We have been awarded and have recently completed, or are currently working on, large public works and private building projects across a wide array of building end markets including transportation, healthcare and entertainment, among others, including the McCarran International Airport Terminal 3 in Las Vegas, NV; the Pennsylvania Convention Center in Philadelphia, PA; Kaiser Hospital Buildings in San Leandro and Redwood City and courthouses in San Bernardino and San Diego, CA. As a result of our reputation and track record, we were awarded and have completed or are currently working on contracts for several marquee projects in the hospitality and gaming market, including the Resorts World New York Casino at Aqueduct Racetrack in Jamaica, New York, and Project CityCenter, The Cosmopolitan Resort and Casino, the Wynn Encore Hotel and the Planet Hollywood Tower, all in Las Vegas, NV. These projects span a wide array of building end markets, and they illustrate our Building segment's resume of performance on large-scale public and private projects.

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While maintaining our legacy building businesses backlog, we have continued to increase our Building segment's book of business through strategic acquisitions. In September 2008, we merged with Tutor-Saliba to further expand our presence in the western United States. As discussed above, Tutor-Saliba is an established general contractor with expertise in both civil and building projects, including highways, bridges, mass transit systems, hospitality and gaming, transportation, healthcare, education and office building projects, primarily in Nevada and California for both public and private customers. In January 2009, we acquired Keating Building Company ("Keating"), a Philadelphia-based construction, construction management and design-build company with expertise in both private and public works building projects. The acquisition of Keating has enabled us to expand our building construction market presence in the eastern half of the United States, including the northeast and mid-atlantic regions. In April 2011, we acquired Anderson Companies ("Anderson"), the privately held parent company of Roy Anderson Corporation, Harrell Contracting Group, LLC and Brice Building Company, LLC. Anderson provides general contracting, design-build, preconstruction, and construction management services to its public and private clients throughout the southeastern United States and has expertise in hospitality and gaming, commercial, government, health care, industrial and educational facilities. We believe that the Company has benefitted through these acquisitions by strengthening our positions in the eastern United States, and we believe that our national resources and resume will enable future growth potential for these companies on large, complex building projects going forward.

Specialty Contractors Segment

During the third quarter of 2011, we completed a reorganization in which we formed a Specialty Contractors segment by grouping together a number of businesses that formerly had operated as part of our Building and Civil segments. The reorganization is intended to allow us to achieve greater vertical integration through increased self-performed work capability, while maintaining a specialty contracting business with third parties. We expect that this reorganization will strengthen the Company's position as a full-service contractor with greater control over scheduled work and project delivery and risk management.

Our Specialty Contractors segment specializes in plumbing, HVAC, electrical, mechanical, and pneumatically placed concrete for a full range of civil, building and management services construction projects in the industrial, commercial, hospitality and gaming, and transportation end markets, among others.

Our Specialty Contractors segment has been awarded, has recently completed work on, or is currently working on, the World Trade Center for the Port Authority of New York and New Jersey in New York, New York, and it has also supported several large public works projects in our Building and Civil segments including the McCarran International Airport Terminal 3 in Las Vegas, NV; the Resorts World New York Casino at Aqueduct Racetrack in Jamaica, New York; various segments of the Greenwich Street corridor project in New York, New York; the Caldecott Tunnel Project near Oakland, California; the New Irvington tunnel in Fremont, California and several marquee projects in the hospitality and gaming market, including Project CityCenter, The Cosmopolitan Resort and Casino, and the Planet Hollywood Tower, all in Las Vegas, NV.

Prior to the establishment of the Specialty Contractors segment, we significantly increased our specialty contracting capabilities with several acquisitions in 2010 and 2011. We acquired Superior Gunite ("Superior") in November 2010, Fisk Electric Company ("Fisk") in January 2011, and Five Star Electric Corporation ("FSE"), WDF, Inc. ("WDF"), and Nagelbush Mechanical, Inc. ("Nagelbush") in July 2011, respectively, because we determined that they could enhance our opportunities for both increased vertical integration and continued (and expanded) stand-alone specialty contracting activities.

- Superior specializes in pneumatically placed structural concrete utilized in infrastructure projects such as bridges, dams, tunnels and retaining walls.

- Fisk covers many of the major commercial, transportation and industrial electrical construction markets in southwestern and southeastern United States locations with the ability to cover other attractive markets nationwide. Fisk's expertise in the design development of electrical and technology systems for major projects spans a broad variety of project types including: commercial office buildings, sports arenas, hospitals, research laboratories, hospitality and casinos, convention centers, and industrial facilities.

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- FSE, WDF and Nagelbush serve a range of clients in a wide variety of markets including transportation, infrastructure, commercial, school and university, residential, and specialty construction, with a large presence in the northeastern markets.

Management Services Segment

Our Management Services segment provides diversified construction and design-build services to the U.S. military and government agencies, as well as surety companies and multi-national corporations in the United States and overseas. Our ability to plan and execute rapid response assignments and multi-year contracts through our diversified construction and design-build abilities provides us with a competitive edge. Based on superior past performance, we have been selected for and are currently participating in ten multi-year, multi-trade, task order and ID/IQ (Indefinite Delivery/Indefinite Quantity) construction programs by the U.S. Departments of Defense, State, Interior, and Homeland Security. We have been chosen by the federal government for significant projects related to defense and reconstruction projects in Iraq, Afghanistan, Haiti, and Guam. For example, we have completed in excess of two million square feet of overhead coverage protection projects throughout Iraq, a housing complex and a helicopter maintenance facility for the U.S. Government. In addition, we completed work on the design and construction of four military bases in Afghanistan for the Afghan National Army.

We believe we are well positioned to capture additional management services projects that involve long-term contracts and provide a recurring source of revenues as there have continued to be significant government expenditures for defense and homeland security given the sustained global threat of terrorism. Despite the recent U.S. military troop reductions in Iraq and Afghanistan, we anticipate winning a sizeable share of the work remaining under the existing ID/IQ programs in those regions. We also anticipate supporting future growth in this segment through opportunities in regions such as Guam as the United States military expands its presence on the island, as well as through reconstruction projects in Haiti, North Africa and other regions of the Middle East. Black Construction, one of our subsidiaries and the largest contractor on the island of Guam, is expected to generate a portion of its future revenues from the construction of facilities during the planned expansion of the United States military's presence in Guam. Our proven abilities with federal government projects have also enabled us to win contracts from private defense contractors who are executing projects for the federal government.

We also provide diversified management services to surety companies and multi-national corporations. We are under agreement with a major North American surety company to provide rapid response, contract completion services. Upon notification from the surety of a contractor bond default, we provide management or general contracting services to fulfill the contractual and financial obligations of the surety.

Markets and Customers

Our construction services are targeted toward end markets that are diversified across project types, client characteristics and geographic locations. In conjunction with our 2011 reorganization, we have restated comparative prior period information for the reorganized reportable segments in each of the revenue and backlog tabular disclosures below. We have also restated comparative prior period results to allocate intersegment eliminations of revenues into the applicable Building, Civil or Management Services segments that the Specialty Contractors segment has provided services to. Revenues by business segment for each of the three years in the period ended December 31, 2011 are set forth below:

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| | Revenues by Segment Year Ended December 31, 2011 | 2010 (in thousands) | 2009 |
|---|---|---|---|
| Building | $ 1,825,468 | $ 2,223,515 | $ 4,284,020 |
| Civil | 885,245 | 667,129 | 361,507 |
| Specialty Contractors | 802,460 | 112,860 | 201,087 |
| Management Services | 203,144 | 195,706 | 305,352 |
| Total | $ 3,716,317 | $ 3,199,210 | $ 5,151,966 |

Revenues by end market for the Building segment for each of the three years in the period ended December 31, 2011 are set forth below:

| | Building Segment Revenues by End Market 2011 | 2010 (in thousands) | 2009 |
|---|---|---|---|
| Hospitality and Gaming | $ 604,420 | $ 805,486 | $ 2,583,896 |
| Healthcare Facilities | 282,026 | 276,446 | 402,632 |
| Education Facilities | 223,253 | 94,220 | 202,889 |
| Transportation Facilities | 201,507 | 449,758 | 344,527 |
| Industrial Buildings | 142,502 | 260,800 | 76,917 |
| Municipal and Government | 123,159 | 206,535 | 268,007 |
| Office Buildings | 68,022 | 46,493 | 127,604 |
| Condominiums | 57,561 | 21,489 | 132,734 |
| Sports and Entertainment | 14,354 | 9,068 | 41,719 |
| Other | 108,664 | 53,220 | 103,095 |
| Total | $ 1,825,468 | $ 2,223,515 | $ 4,284,020 |

Revenues by end market for the Civil segment for each of the three years in the period ended December 31, 2011 are set forth below:

| | Civil Segment Revenues by End Market 2011 | 2010 (in thousands) | 2009 |
|---|---|---|---|
| Bridges | $ 303,114 | $ 109,719 | $ 103,354 |
| Mass Transit | 263,018 | 400,453 | 93,053 |
| Highways | 150,684 | 122,173 | 77,952 |
| Wastewater Treatment and Other | 168,429 | 34,784 | 87,148 |
| Total | $ 885,245 | $ 667,129 | $ 361,507 |

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Revenues by end market for the Specialty Contractors segment for each of the three years in the period ended December 31, 2011 are set forth below:

| | Specialty Contractors Segment Revenues by End Market | | |
|---|---|---|---|
| | 2011 | 2010 | 2009 |
| | | (in thousands) | |
| Office Buildings | $ 138,777 | $ - | $ 154 |
| Hospitality and Gaming | 121,301 | 9,035 | 89,074 |
| Industrial Buildings | 104,350 | - | - |
| Wastewater treatment | 83,555 | 5,616 | - |
| Healthcare Facilities | 80,143 | 7,052 | 6,584 |
| Transportation Facilities | 55,547 | 68,375 | 74,791 |
| Education Facilities | 46,737 | 19,559 | 16,054 |
| Municipal and Government | 44,607 | 1,115 | 5,448 |
| Sports and Entertainment | 39,450 | - | 25 |
| Mass Transit | 20,912 | 854 | - |
| Condominiums | 2,288 | - | 8,078 |
| Other | 64,793 | 1,254 | 879 |
| Total | $ 802,460 | $ 112,860 | $ 201,087 |

Revenues by end market for the Management Services segment for each of the three years in the period ended December 31, 2011 are set forth below:

| | Management Services Segment Revenues by End Market | | |
|---|---|---|---|
| | 2011 | 2010 | 2009 |
| | | (in thousands) | |
| U.S. Government Services | $ 155,012 | $ 143,614 | $ 276,833 |
| Surety and Other | 48,132 | 52,092 | 28,519 |
| Total | $ 203,144 | $ 195,706 | $ 305,352 |

We provide our services to a broad range of private and public customers. The allocation of our revenues by client source for each of the three years in the period ended December 31, 2011 is set forth below:

| | Revenues by Client Source Year Ended December 31, | | |
|---|---|---|---|
| | 2011 | 2010 | 2009 |
| Private Owners | 50 % | 47 % | 70 % |
| State and Local Governments | 40 % | 44 % | 23 % |
| Federal Governmental Agencies | 10 % | 9 % | 7 % |
| | 100 % | 100 % | 100 % |

Private Owners. We derived approximately 50% of our revenues from private customers during 2011. Our private customers include major hospitality and gaming resort owners, Native American sovereign nations, public corporations, private developers, healthcare companies and private universities. We provide services to our private customers primarily through negotiated contract arrangements, as opposed to competitive bids.

State and Local Governments. We derived approximately 40% of our revenues from state and local government customers during 2011. Our state and local government customers include state transportation departments, metropolitan authorities, cities, municipal agencies, school districts and public universities. We provide services to our state and local customers primarily pursuant to contracts awarded through competitive bidding processes. Our building construction services for state and local government customers have included correctional facilities, schools and dormitories, healthcare facilities, convention centers, parking structures and municipal buildings. Our civil contracting and building construction services are in locations throughout the country.

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Federal Governmental Agencies. We derived approximately 10% of our revenues from federal governmental agencies during 2011. These agencies have included the U.S. State Department, the U.S. Navy, the U.S. Army Corps of Engineers, and the U.S. Air Force. We provide services to federal agencies primarily pursuant to contracts for specific or multi-year assignments that involve new construction or infrastructure improvements. A substantial portion of our revenues from federal agencies is derived from projects in overseas locations. We expect this to continue for the foreseeable future as a result of our expanding base of experience and relationships with federal agencies, together with an anticipated favorable expenditure trend for defense, security and reconstruction work due primarily to the ongoing threats of terrorism.

For additional information on customers, markets, measures of profit or loss, and total assets, both U.S and foreign, please see Note 13 of Notes to Consolidated Financial Statements, entitled “Business Segments”.

Backlog

We include a construction project in our backlog at such time as a contract is awarded or a letter of commitment is obtained and adequate construction funding is in place. As a result, we believe the backlog figures are firm, subject only to the cancellation provisions contained in the various contracts. Historically, these provisions have not had a material effect on us.

Backlog is summarized below by business segment as of December 31, 2011 and 2010:

Backlog by Business Segment

| | December 31, 2011 | | | December 31, 2010 | | |
|---|---|---|---|---|---|---|
| | (dollars in thousands) | | | | | |
| Building | $ 2,248,927 | 37 | % | $ 2,635,667 | 62 | % |
| Civil | 2,222,207 | 36 | % | 1,387,704 | 32 | % |
| Specialty Contractors | 1,371,482 | 22 | % | 69,384 | 2 | % |
| Management Services | 265,661 | 5 | % | 191,535 | 4 | % |
| Total | $ 6,108,277 | 100 | % | $ 4,284,290 | 100 | % |

We estimate that approximately $2.8 billion, or 46.0%, of our backlog at December 31, 2011 will not be completed in 2012.

Backlog by end market for the Building segment as of December 31, 2011 and 2010 is set forth below:

Building Segment Backlog by End Market

| | December 31, 2011 | | | December 31, 2010 | | |
|---|---|---|---|---|---|---|
| | (dollars in thousands) | | | | | |
| Municipal and Government | $ 852,665 | 38 | % | $ 804,296 | 31 | % |
| Healthcare Facilities | 483,382 | 21 | % | 563,454 | 21 | % |
| Industrial Buildings | 393,059 | 18 | % | 394,822 | 15 | % |
| Education Facilities | 246,555 | 11 | % | 169,146 | 6 | % |
| Hospitality and Gaming | 75,320 | 3 | % | 366,299 | 14 | % |
| Transportation Facilities | 61,531 | 3 | % | 251,880 | 10 | % |
| Office Buildings | 41,307 | 2 | % | 10,748 | | <1% |
| Condominiums | 27,219 | 1 | % | 34,962 | 1 | % |
| Other | 67,889 | 3 | % | 40,060 | 2 | % |

| | | | | | | |
|---|---|---|---|---|---|---|
| Total | $ | 2,248,927 | 100 % | $ | 2,635,667 | 100 % |

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Backlog by end market for the Civil segment as of December 31, 2011 and 2010 is set forth below:

Civil Segment Backlog by End Market

| | December 31, 2011 | | | December 31, 2010 | | |
|---|---|---|---|---|---|---|
| | (dollars in thousands) | | | | | |
| Bridges | $ 838,008 | 38 | % | $ 381,579 | 28 | % |
| Highways | 695,911 | 31 | % | 695,175 | 50 | % |
| Mass Transit | 453,773 | 20 | % | 211,447 | 15 | % |
| Wastewater Treatment and Other | 234,515 | 11 | % | 99,503 | 7 | % |
| Total | $ 2,222,207 | 100 | % | $ 1,387,704 | 100 | % |

Backlog by end market for the Specialty Contractors segment as of December 31, 2011 and 2010 is set forth below:

Specialty Contractors Segment Backlog by End Market

| | December 31, 2011 | | | December 31, 2010 | | |
|---|---|---|---|---|---|---|
| | (dollars in thousands) | | | | | |
| Office Buildings | $ 275,815 | 20 | % | $ - | - | |
| Transportation Facilities | 267,877 | 20 | % | 22,257 | 32 | % |
| Industrial Buildings | 231,785 | 17 | % | - | - | |
| Wastewater treatment | 223,399 | 16 | % | 13,787 | 20 | % |
| Education Facilities | 81,322 | 6 | % | 9,972 | 14 | % |
| Healthcare Facilities | 70,564 | 5 | % | 380 | 1 | % |
| Mass Transit | 48,486 | 4 | % | 11,424 | 16 | % |
| Condominiums | 45,551 | 3 | % | - | - | |
| Municipal and Government | 44,527 | 3 | % | - | - | |
| Sports and Entertainment | 23,252 | 2 | % | - | - | |
| Site Work | - | - | | 8,614 | 12 | % |
| Other | 58,904 | 4 | % | 2,950 | 5 | % |
| Total | $ 1,371,482 | 100 | % | $ 69,384 | 100 | % |

Backlog by end market for the Management Services segment as of December 31, 2011 and 2010 is set forth below:

Management Services Segment Backlog by End Market

| | December 31, 2011 | | | December 31, 2010 | | |
|---|---|---|---|---|---|---|
| | (dollars in thousands) | | | | | |
| U.S. Government Services | $ 240,401 | 90 | % | $ 149,732 | 78 | % |
| Surety and Other | 25,260 | 10 | % | 41,803 | 22 | % |
| Total | $ 265,661 | 100 | % | $ 191,535 | 100 | % |

The tabular disclosures above illustrate the successful execution of our strategy to focus on acquiring higher margin building and civil public works which we believe provide the best long-term growth potential. As anticipated, we have seen a significant shift in the mix of our customers from private to state and local government agencies along with an increased share of Civil segment's backlog and contributions to revenues and operating profits over the past three years. The recent growth in the backlog of our Specialty Contractors segment is primarily a reflection of the completion of our acquisition strategy which significantly increased our specialty contracting profile nationally. We intend to focus on increasing our share of higher margin public works projects and vertically integrating our specialty contracting capabilities to further enhance our consolidated operating margins, as well as continuing to capture our share of large private building work on an opportunistic basis.

Competition

The construction industry is highly competitive and the markets in which we compete include numerous competitors. In the small to mid-size work that we have targeted, we have experienced an increase in pricing competition from our competitors. However, the majority of the work that we target is for larger, more complex projects where the number of active market participants is reduced because of the capabilities required to perform the work. As a result, we face fewer competitors, as smaller contractors are unable to effectively compete or are unable to secure bonding to support large projects.

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In certain end markets of the Building segment, such as hospitality and gaming and healthcare, we are one of the largest providers of construction services in the United States. In our Building segment, we compete with a variety of national and regional contractors. Our primary competitors are Balfour Beatty Construction, Clark, DPR, Gilbane, Hensel Phelps, JE Dunn, McCarthy, PCL, Skanska, Suffolk, Tishman, and Turner. In our Civil segment, we compete principally with large civil construction firms including Skanska, Granite, Tully, Schiavone, Traylor Brothers, American Infrastructure, and Kiewit. In our Specialty Contractors segment, we compete principally with EJ Electric, Zwicker Electric, Berg Electric, MC Dean Inc., Pace Plumbing, Almar Plumbing, KSW Mechanical Services, and ASM Mechanical. In our Management Services segment, we compete principally with national engineering and construction firms such as Fluor, Washington Division of URS, KBR, Shaw, and CH2M Hill. Major competitors to Black Construction's operations in Guam include DCK Construction, Coretech, Watts Constructors and Hensel Phelps. We believe price, experience, reputation, responsiveness, customer relationships, project completion track record, schedule control and delivery, risk management and quality of work are key factors in customers awarding contracts across our end markets.

Types of Contracts and The Contract Process

Type of Contracts

The general contracting and management services we provide consist of planning and scheduling the manpower, equipment, materials and subcontractors required for the timely completion of a project in accordance with the terms, plans and specifications contained in a construction contract. We provide these services by entering into traditional general contracting arrangements, such as guaranteed maximum price, cost plus fee and fixed price contracts as well as construction management or design-build contracting arrangements. These contract types and the risks generally inherent therein are discussed below:

Guaranteed maximum price (GMP) contracts provide for a cost plus fee arrangement up to a maximum agreed upon price. These contracts place risks on the contractor for amounts in excess of the GMP, but may permit an opportunity for greater profits than under Cost Plus contracts through sharing agreements with the owner on any cost savings that may be realized. Services provided by our Building segment to various private customers often are performed under GMP contracts.

Cost plus fee (Cost Plus) contracts provide for reimbursement of the costs required to complete a project plus a stipulated fee arrangement. Cost Plus contracts include cost plus fixed fee (CPFF) contracts and cost plus award fee (CPAF) contracts. CPFF contracts provide for reimbursement of the costs required to complete a project plus a fixed fee. CPAF contracts provide for reimbursement of the costs required to complete a project plus a base fee as well as an incentive fee based on cost and/or schedule performance. Cost Plus contracts serve to minimize the contractor's financial risk, but may also limit profits.

Fixed price (FP) contracts, which include fixed unit price contracts, are generally used in competitively bid public civil, building, and specialty construction projects and generally commit the contractor to provide all of the resources required to complete a project for a fixed sum or at fixed unit prices. Usually FP contracts transfer more risk to the contractor but offer the opportunity, under favorable circumstances, for greater profits. FP contracts represent a significant portion of our publicly bid civil construction projects. We also perform publicly bid building and specialty construction projects and certain task order contracts for agencies of the U.S. government in our Management Services segment under FP contracts.

Construction management (CM) contracts are those under which a contractor agrees to manage a project for the owner for an agreed-upon fee, which may be fixed or may vary based upon negotiated factors. CM contracts serve to minimize the contractor's financial risk, but may also limit profit relative to the overall scope of a project.

Design-build contracts are those under which a contractor provides both design and construction services for a customer.  These contracts may be either GMP, fixed price contracts or cost plus fee contracts.

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Historically, a high percentage of our contracts have been of the GMP and fixed price type. As a result of increasing opportunities in public works civil and building markets, combined with our increased resume and expertise as a result of the merger with Tutor-Saliba in 2008 and the execution of our acquisition strategy in 2011, fixed price contracts have accounted for an increasing portion of our revenues since 2008 and are expected to continue to represent a sizeable percentage of both total revenues and backlog. A summary of revenues and backlog by type of contract for each of the three years in the period ended December 31, 2011 follows:

| | Revenues for the Year Ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2011 | | 2010 | | 2009 | |
| Cost Plus, GMP or CM | 49 | % | 51 | % | 72 | % |
| FP | 51 | % | 49 | % | 28 | % |
| | 100 | % | 100 | % | 100 | % |

| | Backlog as of December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2011 | | 2010 | | 2009 | |
| Cost Plus, GMP or CM | 30 | % | 43 | % | 53 | % |
| FP | 70 | % | 57 | % | 47 | % |
| | 100 | % | 100 | % | 100 | % |

The Contract Process

We identify potential projects from a variety of sources, including from advertisements by federal, state and local governmental agencies, through the efforts of our business development personnel and through meetings with other participants in the construction industry such as architects and engineers. After determining which projects are available, we make a decision on which projects to pursue based on factors such as project size, duration, availability of personnel, current backlog, competitive advantages and disadvantages, prior experience, contracting agency or owner, source of project funding, geographic location and type of contract.

After deciding which contracts to pursue, we generally have to complete a prequalification process with the applicable agency or customer. The prequalification process generally limits bidders to those companies that the agencies or customer concludes have the operational experience and financial capability to effectively complete the particular project(s) in accordance with the plans, specifications and construction schedule.

Our estimating process typically involves three phases. Initially, we perform a detailed review of the plans and specifications, summarize the various types of work involved and related estimated quantities, determine the project duration or schedule and highlight the unique aspects of and risks associated with the project. After the initial review, we decide whether to continue to pursue the project. If we elect to pursue the project, we perform the second phase of the estimating process which consists of estimating the cost and availability of labor, material, equipment, subcontractors and the project team required to complete the project on time and in accordance with the plans and specifications. The final phase consists of a detailed review of the estimate by management including, among other things, assumptions regarding cost, approach, means and methods, productivity and risk. After the final review of the cost estimate, management adds an amount for profit to arrive at the total bid amount.

Public bids to various governmental agencies are generally awarded to the lowest bidder. Requests for proposals or negotiated contracts with public or private customers are generally awarded based on a combination of technical capability and price, taking into consideration factors such as project schedule and prior experience.

During the construction phase of a project, we monitor our progress by comparing actual costs incurred and quantities completed to date with budgeted amounts and the project schedule and periodically, at a minimum on a quarterly basis, prepare an updated estimate of total forecasted revenue, cost and profit for the project.

During the ordinary course of most projects, the customer, and sometimes the contractor, initiate modifications or changes to the original contract to reflect, among other things, changes in specifications or design, construction method or manner of performance, facilities, equipment, materials, site conditions and period for completion of the work. Generally, the scope and price of these modifications are documented in a "change order" to the original contract and are reviewed, approved and paid in accordance with the normal change order provisions of the contract.

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Often a contract requires us to perform extra, or change order, work as directed by the customer even if the customer has not agreed in advance on the scope or price of the work to be performed. This process may result in disputes over whether the work performed is beyond the scope of the work included in the original project plans and specifications or, if the customer agrees that the work performed qualifies as extra work, the price the customer is willing to pay for the extra work. Even when the customer agrees to pay for the extra work, we may be required to fund the cost of such work for a lengthy period of time until the change order is approved and funded by the customer. Also, unapproved change orders, contract disputes or claims result in costs being incurred by us that cannot be billed currently and, therefore, are reflected as "costs and estimated earnings in excess of billings" in our Consolidated Balance Sheets. See Note 1(d) of Notes to Consolidated Financial Statements, entitled “Method of Accounting for Contracts.” In addition, any delay caused by the extra work may adversely impact the timely scheduling of other project work and our ability to meet specified contract milestone dates.

The process for resolving claims varies from one contract to another, but, in general, we attempt to resolve claims at the project supervisory level through the normal change order process or with higher levels of management within our organization and the customer’s organization. Depending upon the terms of the contract, claim resolution may involve a variety of other resolution methods, including mediation, binding or non-binding arbitration or litigation. Regardless of the process, when a potential claim arises on a project, we typically have the contractual obligation to perform the work and incur the related costs. We do not recoup the costs until the claim is resolved. It is not uncommon for the claim resolution process to last months or years, especially if it involves litigation.

Our civil, building and management services contracts generally involve work durations in excess of one year. Revenue from our contracts in process is generally recorded under the percentage of completion contract accounting method. For a more detailed discussion of our policy in these areas, see Note 1(d) of Notes to Consolidated Financial Statements.

Construction Costs

While our business may experience some adverse consequences if shortages develop or if prices for materials, labor or equipment increase excessively, provisions in certain types of contracts often shift all or a major portion of any adverse impact to the customer. On our fixed price contracts, we attempt to insulate ourselves from the unfavorable effects of inflation by incorporating escalating wage and price assumptions, where appropriate, into our construction cost estimates and by obtaining firm fixed price quotes from major subcontractors and material suppliers at the time of the bid period. Construction and other materials used in our construction activities are generally available locally from multiple sources and have been in adequate supply during recent years. Construction work in selected overseas areas primarily employs expatriate and local labor which can usually be obtained as required.

Environmental Matters

Our properties and operations are subject to federal, state and municipal laws and regulations relating to the protection of the environment, including requirements for water discharges, air emissions, the use, management and disposal of solid or hazardous materials or wastes and the cleanup of contamination. For example, we must apply water or chemicals to reduce dust on road construction projects and to contain contaminants in storm run-off water at construction sites. In certain circumstances, we may also be required to hire subcontractors to dispose of hazardous materials encountered on a project in accordance with a plan approved in advance by the owner. We believe that we are in substantial compliance with all applicable laws and regulations and we continually evaluate whether we must take additional steps to ensure compliance with environmental laws; however, future requirements or amendments to current laws or regulations imposing more stringent requirements could require us to incur additional costs to maintain or achieve compliance.

In addition, some environmental laws, such as the U.S. federal "Superfund" law and similar state statutes, can impose liability for the entire cost of cleanup of contaminated sites upon any of the current or former owners or operators or upon parties who sent wastes to these sites, regardless of who owned the site at the time of the release or the lawfulness of the original disposal activity. Contaminants have been detected at some of the sites that we own, or where we worked as a contractor in the past, and we have incurred costs for investigation or remediation of hazardous substances. We believe that our liability for these sites will not be material, either individually or in the aggregate, and have pollution liability insurance available for such matters. We believe that we have minimal exposure to environmental liability because Tutor Perini generally carries insurance or receive indemnification from customers to cover the risks associated with the remediation business.

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We own real estate in several states and in Guam (see Item 2 – Properties for a description of our major properties) and, as an owner, are subject to laws governing environmental responsibility and liability based on ownership. We are not aware of any significant environmental liability associated with our ownership of real estate.

Insurance and Bonding

All of our properties and equipment, both directly owned and owned through joint ventures with others, are covered by insurance and we believe that the amount and scope of such insurance is adequate for the risks we face. In addition, we maintain general liability, excess liability and workers' compensation insurance in amounts that we believe are consistent with our risk of loss and industry practice.

As a normal part of the construction business, we are often required to provide various types of surety bonds as an additional level of security of our performance. We have surety arrangements with several sureties. We also require many of our higher risk subcontractors to provide surety bonds as security for their performance. Historically we also have purchased contract default insurance on certain construction projects to insure against the risk of subcontractor default as opposed to having subcontractors provide traditional payment and performance bonds. In 2008, we formed PCR Insurance Company, a wholly-owned subsidiary, to consolidate the risk under our various insurance policies utilizing deductible reimbursement policies issued by PCR Insurance Company, for each of our subsidiaries' contractor default insurance, auto liability, general liability and workers' compensation insurance exposure. PCR Insurance Company provides high deductible insurance coverage and reinsurance to other business units. The formation of PCR Insurance Company has allowed us to take advantage of favorable tax opportunities, and to centralize our claims and risk management functions, thus reducing claims and insurance-related costs.

Employees

The total number of personnel employed by us is subject to seasonal fluctuations, the volume of construction in progress and the relative amount of work performed by subcontractors. Our average number of full time equivalent employees during 2011 was 5,796, and our total number of employees at December 31, 2011 was 7,733. The increase in 2011 as compared to the average of 3,538 in 2010 is primarily a reflection of the increased personnel obtained through the completion of our acquisition strategy in 2011.

We are signatory to numerous local and regional collective bargaining agreements, both directly and through trade associations, as a union contractor. These agreements cover all necessary union crafts and are subject to various renewal dates. Estimated amounts for wage escalation related to the expiration of union contracts are included in our bids on various projects and, as a result, the expiration of any union contract in the next fiscal year is not expected to have any material impact on us. As of December 31, 2011, approximately 4,000 of our total of 7,733 employees were union employees. During the past several years, we have not experienced any significant work stoppages caused by our union employees.

Available Information

Our website address is http://www.tutorperini.com. The information contained on our website is not included as a part of, or incorporated by reference into, this Annual Report on Form 10-K. We make available, free of charge on our Internet website, our annual reports on Form 10-K, our quarterly reports on Form 10-Q, our current reports on Form 8-K and amendments to such reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (the "Exchange Act") as soon as reasonably practicable after we have electronically filed such materials with, or furnished it to, the United States Securities and Exchange Commission. You may read and copy any document we file at the SEC Headquarters, Public Reference Room, 100 F Street, NE, Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains a website at http://www.sec.gov that contains reports, proxy, information statements and other information regarding issuers, such as the Company, that file electronically with the SEC. Also available on our website are our Code of Business Conduct and Ethics, Corporate Governance Guidelines, the charters of the Committees of our Board of Directors and reports under Section 16 of the Exchange Act of transactions in our stock by our directors and executive officers.

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ITEM 1A. RISK FACTORS

We are subject to a number of risks, including those summarized below. Such risks could have a material effect on our financial condition, results of operations and cash flows. See our disclosure under "Forward-looking Statements" on page 3.

We may not fully realize the revenue value reported in our backlog.

As of December 31, 2011, our backlog of uncompleted construction work was approximately $6.1 billion. We include a construction project in our backlog at such time as a contract is awarded or a letter of commitment is obtained and adequate construction funding is in place. The revenue projected in our backlog may not be realized or, if realized, may not result in profits. For example, if a project reflected in our backlog is terminated, suspended or reduced in scope, it would result in a reduction to our backlog which could reduce, potentially to a material extent, the revenues and profits realized. If a customer cancels a project, we may be reimbursed for certain costs and profit thereon but typically have no contractual right to the total revenues reflected in our backlog. Significant cancellations or delays of projects in our backlog could have a material effect on future revenues, profits, and cash flows.

Current economic conditions could adversely affect our operations.

The deterioration of economic and financial market conditions in the United States and overseas throughout 2009-2011, including severe disruptions in the credit markets, could continue to adversely affect our results of operations in future periods. The continued instability in the financial markets has made it difficult for certain of our customers, including private owners and state and local governments, to access the credit markets to obtain financing or refinancing, as the case may be, to fund new construction projects on satisfactory terms or at all. State and local governments continue to face potentially significant budget shortfalls as a result of declining tax and other revenues, which may cause them to defer or cancel planned infrastructure projects. During 2011, we have encountered increased levels of deferrals and delays related to new construction projects. Difficulty in obtaining adequate financing due to the unprecedented disruption in the credit markets may significantly increase the rate at which our customers defer, delay or cancel proposed new construction projects. Such deferrals, delays or cancellations could have an adverse impact on our future operating results.

Instability in the financial markets may also impact a customers' ability to pay us on a timely basis, or at all, for work on projects already under construction in accordance with the contract terms. Customer financing may be subject to periodic renewals and extensions of credit by the lender. As credit markets remain tight and difficult economic conditions persist, lenders may be unwilling to continue renewing or extending credit to a customer. Such deferral, delay or cancellation of credit by the lender could impact the customer's ability to pay us, which could have an adverse impact on our future operating results. A significant portion of our operations are concentrated in California and New York. As a result, we are more susceptible to fluctuations caused by adverse economic or other conditions in these regions as opposed to others.

Reductions in the level of consumer spending within the non-residential building industry, the level of federal, state and local government spending for infrastructure and other public projects, and the level of U.S. government's funding with respect to construction projects in Iraq, Afghanistan and Guam could adversely affect the number of projects available to us in the future.

With regard to the non-residential building industry, consumer spending is discretionary and may decline during economic downturns when consumers have less disposable income. Even an uncertain economic outlook may adversely affect consumer and private industry spending in various business operations, as consumers may spend less in anticipation of a potential economic downturn. Decreased spending in the non-residential building markets could deter new projects within the industry and the expansion or renovation of existing facilities.

With regard to infrastructure and other public works spending, civil construction markets are dependent on the amount of infrastructure work funded by various governmental agencies which, in turn, depends on the condition of the existing infrastructure, the need for new or expanded infrastructure and federal, state or local government spending levels. A slowdown in economic activity in any of the markets that we serve may result in less spending on public works projects. In addition, a decrease or delay in government funding of infrastructure projects or delays in the implementation of voter-approved bond measures could decrease the number of civil construction projects available and limit our ability to obtain new contracts, which could reduce revenues within our Civil segment. In addition, budget shortfalls and credit rating downgrades in California and other states in which the Company is involved in significant infrastructure projects and any long-term impairment in the ability of state and local governments to finance construction projects by raising capital in the municipal bond market could curtail or delay the funding of future projects. Our Building segment also is involved in significant construction projects for public works projects including healthcare facilities, educational facilities, and municipal and government facilities primarily in California and the southeastern United States. These projects also are dependent upon funding by various federal, state and local governmental agencies. A decrease in government funding of public healthcare and education facilities, particularly in those regions, could decrease the number and/or size of construction projects available and limit our ability to obtain new contracts in these markets, which could further reduce our revenues and earnings.

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With regard to the U.S. Government's funding of construction projects in Iraq, Afghanistan and Guam, the United States federal government has approved various spending bills for the reconstruction and defense of Iraq and Afghanistan and has allocated significant funds to the defense of United States interests around the world from the threat of terrorism. The United States federal government has also approved funds for development in conjunction with the relocation of military personnel into Guam. A decrease in government funding of these projects or a decision by the United States federal government to reduce or eliminate the use of outside contractors to perform this work would decrease the number of projects available to us and limit our ability to obtain new contracts in this area.

Economic, political and other risks associated with our international operations involve risks not faced by our domestic competitors, which could adversely affect our revenues and earnings.

We derived approximately 5.6% (or $208.0 million) of our revenues and approximately $28.4 million of income from construction operations for the year ended December 31, 2011 from our work on projects located outside of the United States, including projects in Iraq, Afghanistan and Guam. We expect non-U.S. projects to continue to be a significant contribution to our revenues and earnings for the foreseeable future. Our international operations expose us to risks inherent in doing business in certain hostile regions outside the United States, including: political risks, risks of loss due to civil disturbances, guerilla activities and insurrection; acts of terrorism and acts of war; unstable economic, financial and market conditions; potential incompatibility with foreign subcontractors and vendors; foreign currency controls and fluctuations; trade restrictions; variations in taxes; and changes in labor conditions, labor strikes and difficulties in staffing and managing international operations. Failure to successfully manage risks associated with our international operations could result in higher operating costs than anticipated or could delay or limit our ability to generate revenues and income from construction operations in key international markets.

We are subject to significant legal proceedings, which, if determined adversely to us, could harm our reputation, preclude us from bidding on future projects and/or have a material effect on us. We also may invest significant working capital on projects while legal proceedings are being settled.

We are involved in various lawsuits, including the legal proceedings described under Item 3 -- "Legal Proceedings." Litigation is inherently uncertain and it is not possible to predict what the final outcome will be of any legal proceeding. A final judgment against us would require us to record the related liability and fund the payment of the judgment and, if such adverse judgment is significant, it could have a material adverse effect on us. Legal proceedings resulting in judgments or findings against us may harm our reputation and prospects for future contract awards. We occasionally bring claims against project owners for additional cost exceeding the contract price or for amounts not included in the original contract price. When these types of events occur and unresolved claims are pending, we may invest significant working capital in projects to cover cost overruns pending the resolution of the relevant claims. A failure to promptly recover on these types of claims could have a material effect on our liquidity and financial results.

Our contracts require us to perform extra or change order work, which can result in disputes and adversely affect our working capital, profits and cash flows.

Our contracts generally require us to perform extra, or change order, work as directed by the customer even if the customer has not agreed in advance on the scope or price of the work to be performed. This process can result in disputes over whether the work performed is beyond the scope of the work included in the original project plans and specifications or, if the customer agrees that the work performed qualifies as extra work, the price the customer is willing to pay for the extra work. Even when the customer agrees to pay for the extra work, we may be required to fund the cost of such work for a lengthy period of time until the change order is approved and funded by the customer.

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Also, unapproved change orders, contract disputes or claims cause us to incur costs that cannot be billed currently and therefore may be reflected as "costs and estimated earnings in excess of billings" in our balance sheet. See Note 1(d) of Notes to Consolidated Financial Statements. To the extent our actual recoveries with respect to unapproved change orders, contract disputes or claims are lower than our estimates, the amount of any shortfall will reduce our revenues and the amount of costs and estimated earnings in excess of billings recorded on our balance sheet, and could have a material effect on our working capital, results of operations and cash flows. Additionally, as we include unapproved change orders in our estimates of revenues and costs to complete a project, our profitability may be diluted via the percentage-of-completion method of accounting for contract revenues. Any delay caused by the extra work may also adversely impact the timely scheduling of other project work and our ability to meet specified contract milestone dates.

Increased regulation of the hospitality and gaming industry could reduce the number of future hospitality and gaming projects available, which, in turn, could adversely affect our future earnings.

The hospitality and gaming industry is regulated extensively by federal and state regulatory bodies, including state gaming commissions, the National Indian Gaming Commission and federal and state taxing and law enforcement agencies. From time to time, legislation is proposed in the legislatures of some of these jurisdictions that, if enacted, could adversely affect the tax, regulatory, operational or other aspects of the hospitality and gaming industry. Legislation of this type may be enacted in the future. The United States federal government has also previously considered a federal tax on casino revenues and may consider such a tax in the future. In addition, companies that operate in the hospitality and gaming industry are currently subject to significant state and local taxes and fees in addition to normal federal and state corporate income taxes, and such taxes and fees are subject to increase at any time. New legislation or hospitality and gaming regulations could deter future hospitality and gaming construction projects in jurisdictions in which we derive significant revenues. As a result, the enactment of any such new legislation or regulations could adversely affect our future earnings.

If we are unable to accurately estimate the overall risks, revenues or costs on a contract, we may achieve a lower than anticipated profit or incur a loss on that contract.

We generally enter into four principal types of contracts with our clients: fixed price contracts, cost plus fee contracts, guaranteed maximum price contracts, and construction management contracts. We derive a significant portion of our Civil, Specialty Contractors and Management Services segment revenues and backlog from fixed price contracts.

Fixed price and certain design-build contracts require us to perform the contract for a fixed price irrespective of our actual costs. As a result, we realize a profit on these contracts only if we successfully control our costs and avoid cost overruns.

Cost plus fee contracts provide for reimbursement of the costs required to complete a project, but generally have a lower base fee and an incentive fee based on cost and/or schedule performance. If our costs exceed the revenues available under such a contract or are not allowable under the provisions of the contract, we may not receive reimbursement for these costs.

Guaranteed maximum price contracts provide for a cost plus fee arrangement up to a maximum agreed-upon price. These contracts also place the risk on us for cost overruns that exceed the guaranteed maximum price.

Construction management contracts are those under which we agree to manage a project for a customer for an agreed upon fee, which may be fixed or may vary based upon negotiated factors. Profitability on these types of contracts is impacted by changes in the scope of work or design issues, which could cause cost overruns beyond our control and limit profits on these contracts.

Cost overruns, whether due to inefficiency, faulty estimates or other factors, result in lower profit or a loss on a project. If our estimates of the overall risks, revenues or costs prove inaccurate or circumstances change, we may incur a lower profit or a loss on that contract.

The percentage-of-completion method of accounting for contract revenues may result in material adjustments, which could result in a charge against our earnings.

We recognize contract revenues using the percentage-of-completion method. Under this method, estimated contract revenues are recognized by applying the percentage of completion of the project for the period to the total estimated revenues for the contract. Estimated contract losses are recognized in full when determined. Total contract revenues and cost estimates are reviewed and revised at a minimum on a quarterly basis as the work progresses and as change orders are approved.  Adjustments based upon the percentage of completion are reflected in contract revenues in the period when these estimates are revised. To the extent that these adjustments result in an increase or a reduction in or an elimination of previously reported contract profit, we recognize a credit or a charge against current earnings, as applicable.  Such credits or charges could be material and could cause our results to fluctuate materially from period to period.

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We are subject to a number of risks as a U.S. government contractor, which could either harm our reputation, result in fines or penalties against us and/or adversely impact our financial condition.

We are a provider of services to U.S. government agencies and therefore are exposed to risks associated with government contracting. We must observe laws and regulations relating to the formation, administration and performance of government contracts which affect how we do business with our U.S. government customers and may impose added costs on our business. For example, the Federal Acquisition Regulations allow our U.S. government customers to terminate our contracts for the failure to comply with regulatory requirements not directly related to performance and in certain cases, require us to disclose and certify cost and pricing data in connection with contract negotiations.

Our failure to comply with these or other laws and regulations could result in contract terminations, suspension or debarment from contracting with the U.S. government, civil fines and damages and criminal prosecution and penalties, any of which could cause our actual results to differ materially from those anticipated.

U.S. government agencies generally can terminate or modify their contracts with us at their convenience and some government contracts must be renewed annually at the U.S. government's sole discretion. If a government agency terminates or fails to renew a contract, our backlog may be reduced. If a government agency terminates a contract due to our unsatisfactory performance, it could result in liability to us and harm our ability to compete for future contracts.

U.S. government agencies, including the Defense Contract Audit Agency, or DCAA, routinely audit our U.S. government contracts and contractors' administration processes and systems. These agencies review our performance on contracts, pricing practices, cost structure and compliance with applicable laws, regulations and standards. They also review the adequacy of our internal control systems and policies, including our purchasing, property, estimating, and information systems. Only costs allowable under federal regulations may be properly charged to our government contracts and any costs found to be improperly allocated to a specific contract will not be reimbursed, and any such costs already reimbursed must be refunded or otherwise properly credited to the U.S. government in subsequent invoices. Moreover, if any of the administrative processes or systems is found not to comply with requirements, we may be subjected to increased government oversight and approval that could delay or otherwise adversely affect our ability to compete for or perform contracts. Therefore, an unfavorable outcome to an audit by the DCAA or another agency could cause our results to differ materially from those anticipated. If an investigation uncovers improper or illegal activities, we may be subject to civil and criminal penalties and administrative sanctions, including termination of contracts, forfeitures of profits, suspension of payments, fines and suspension or debarment from doing business with the U.S. government. In addition, we would suffer serious harm to our reputation if allegations of impropriety were made against us. Each of these results could cause actual results to differ materially from those anticipated.

Our participation in construction joint ventures exposes us to liability and/or harm to our reputation for failures of our partners.

As part of our business, we enter into joint venture arrangements typically to jointly bid on and execute particular projects, thereby reducing our financial or operational risk with respect to such projects. Success on these joint projects depends in large part on whether our joint venture partners satisfy their contractual obligations. We and our joint venture partners are generally jointly and severally liable for all liabilities and obligations of our joint ventures. If a joint venture partner fails to perform or is financially unable to bear its portion of required capital contributions or other obligations, including liabilities stemming from lawsuits, we could be required to make additional investments, provide additional services or pay more than our proportionate share of a liability to make up for our partner's shortfall. Further, if we are unable to adequately address our partner's performance issues, the customer may terminate the project, which could result in legal liability to us, harm our reputation, and reduce our profit on a project (or in some cases a loss).

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Our pension plan is underfunded and we may be required to make significant future contributions to the plan.

Our defined benefit pension plan and our supplemental retirement plan are non-contributory pension plans covering many of our employees. Benefits under these plans were frozen as of June 1, 2004. As of December 31, 2011, these plans were underfunded by approximately $38.5 million. We are required to make cash contributions to our pension and supplemental retirement plans to the extent necessary to comply with minimum funding requirements imposed by employee benefit and tax laws. The amount of any such required contributions is determined based on an annual actuarial valuation of the plan as performed by the plans' actuaries. During 2011, we contributed $6.2 million in cash to our defined benefit pension plan and supplemental retirement plan. The amount of our future contributions will depend upon asset returns, then-current discount rates and a number of other factors, and, as a result, the amount we may elect or be required to contribute to these plans in the future may vary significantly. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Critical Accounting Policies--Defined Benefit Retirement Plan."

The construction services industry is highly schedule driven, and our failure to meet schedule requirements of our contracts could adversely affect our reputation and/or expose us to financial liability.

Many of our contracts are subject to specific completion schedule requirements and subject us to liquidated damages in the event the construction schedules are not achieved. Our failure to meet schedule requirements could subject us not only to liquidated damages, but could further subject us to liability for our customer's actual cost arising out of our delay and cause us to suffer damage to our reputation within our industry and customer base.

Competition for new project awards is intense and our failure to compete effectively could reduce our market share and profits.

New project awards are often determined through either a competitive bid basis or on a negotiated basis. Bid or negotiated contracts with public or private owners are generally awarded based upon price, but many times take into account other factors, such as shorter project schedules or prior experience with the customer. Within our industry, we compete with many national, regional and local construction firms. Some of these competitors have achieved greater market penetration than we have in the markets in which we compete, and some have greater financial and other resources than we do. As a result, we may need to accept lower contract margins or more fixed price or unit price contracts in order for us to compete against competitors that have the ability to accept awards at lower prices or have a pre-existing relationship with the customer. If we are unable to compete successfully in such markets, our relative market share and profits could be reduced.

We will require substantial personnel, including engineers, project managers, and specialty subcontractor resources to execute and perform on our contracts in backlog. The successful execution of our business strategies is also dependent upon our ability to attract and retain key officers.

Our ability to execute and perform on our contracts in backlog depends in large part upon our ability to hire and retain highly skilled personnel, including engineering, and project management. In addition, our construction projects require a significant amount of trade labor resources, such as carpenters, masons and other skilled workers, as well as certain specialty subcontractor skills. In the event we are unable to attract, hire and retain the requisite personnel and subcontractors necessary to execute and perform on our contract backlog, we may experience delays in completing projects in accordance with project schedules, which may have a material effect on our financial results and harm our reputation. Further, the increased demand for personnel and specialty subcontractors may result in higher costs which could cause us to exceed the budget on a project, which in turn may have a material effect on our results of operations and harm our relationships with our customers. In addition, if we lack the personnel and specialty subcontractors necessary to perform on our current contract backlog, we may find it necessary to curtail our pursuit of new projects. Although the risk has been mitigated with the specialty contracting capabilities that we acquired during 2011, we will still rely on significant external specialty subcontractors to perform our projects.

The execution of our business strategies also substantially depends on our ability to retain the continued service of several key members of our management. Losing the services of these executives could adversely affect our business until a suitable replacement can be found. The majority of these executives are not bound by employment agreements with us nor do we maintain key person life insurance policies for these executives.

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An inability to obtain bonding could limit the number of projects we are able to pursue.

As is customary in the construction business, we often are required to provide surety bonds to secure our performance under construction contracts. Our ability to obtain surety bonds primarily depends upon our capitalization, working capital, past performance, management expertise and certain external factors, including the overall capacity of the surety market. Surety companies consider such factors in relation to the amount of our backlog and their underwriting standards, which may change from time to time. The surety industry has undergone significant changes with several companies withdrawing completely from the industry or significantly reducing their bonding commitment. In addition, certain reinsurers of surety risk have limited their participation in this market. Therefore, we could be unable to obtain surety bonds, when required, which could adversely affect our future results of operations and revenues.

The process of managing and integrating the recent acquisitions into our Company may result in unforeseen operating difficulties and may require significant financial, operational and managerial resources that would otherwise be available for the operation, development and expansion of our existing business.

During 2011 we completed an acquisition strategy, in which we acquired Superior Gunite, Fisk, Anderson, Frontier-Kemper, Lunda, WDF, FSE, Nagelbush and Becho. To the extent that we experience unforeseen difficulties in the integration of these recent acquisitions, we may also have difficulty achieving our operating, strategic and financial objectives.

Acquisitions also may involve a number of special financial, business and operational risks, such as:

- difficulties in integrating diverse corporate cultures and management styles;
- additional or conflicting government regulation;
- disparate company policies and practices;
- client relationship issues;
- customer relationship issues as a result of our general contractor competitors employing our newly acquired specialty contractors;
- diversion of our management’s time, attention and resources;
- decreased utilization during the integration process;
- loss of key existing or acquired personnel;
- increased costs to improve or coordinate managerial, operational, financial and administrative systems;
- dilutive issuances of equity securities, including convertible debt securities to finance acquisitions;
- the assumption of legal liabilities; and
- amortization of acquired intangible assets.

In connection with mergers and acquisitions, we have recorded goodwill and other intangible assets that could become impaired and adversely affect our operating results.

Under accounting principles generally accepted in the United States, our mergers and acquisitions have been accounted for under the acquisition method. Under the acquisition method, the total purchase price we pay is allocated to the acquired company’s tangible assets and liabilities and identifiable intangible assets based on their estimated fair values as of the date of completion of the merger or acquisition. The excess of the purchase price over those estimated fair values is recorded as goodwill. We test goodwill and intangible assets with indefinite lives for impairment annually, in the fourth quarter of each year, and between these periods if events occur or circumstances change which suggest that the goodwill or intangible assets should be evaluated. At December 31, 2011, the carrying value of the goodwill and other indefinite-lived intangible assets recorded in mergers and acquisitions totaled $959.4 million and represents 26.6% of our total assets of $3.6 billion. To the extent the value of the goodwill or other intangible assets becomes impaired in the future, we will be required to incur non-cash charges to the Consolidated Statements of

Operations relating to such impairment. In 2008, the Company incurred a $224.5 million non-cash impairment charge pertaining to our annual impairment test.

Conflicts of interest may arise involving certain of our directors.

We have engaged in joint ventures, primarily in civil construction, with O&G Industries, Inc., a Connecticut corporation, whose Vice Chairman is Raymond R. Oneglia, one of our directors. As of December 31, 2011, the Company has a 30% interest in a joint venture with O&G as the sponsor for a highway reconstruction project with an estimated total contract value of approximately $357 million and an estimated completion in 2017. In accordance with the Company's policy, the terms of this joint venture and any of our joint ventures with any affiliate have been and will be subject to review and approval by our Audit Committee. As in any joint venture, we could have disagreements with our joint venture partner over the operation of a joint venture or a joint venture could be involved in disputes with third parties, where we may or may not have an identity of interest with our joint venture partner. These relationships also may create conflicts of interest with respect to new business and other corporate opportunities.

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Ronald N. Tutor's ownership interest in the Company, along with his management position and his right to designate up to two nominees to serve as members of our Board of Directors, provides him with significant influence over corporate matters and may make a third party's acquisition of the Company (or its stock or assets) more difficult.

As of December 31, 2011, Mr. Tutor and two trusts controlled by Mr. Tutor (the "Tutor Group") owned approximately 22.9% of the outstanding shares of our common stock. In addition, Mr. Tutor is the chairman and chief executive officer of the Company and has the right to designate up to two nominees for election as members of the Company's Board of Directors. As of the date of this Form 10-K, none of the current directors have been appointed by Mr. Tutor. Mr. Tutor has advised the Board that should he choose to designate a person for appointment to the Board at a time when the Board already includes eleven members, he would support a temporary expansion of the Board to twelve members to accommodate such additional member. Pursuant to the Shareholders Agreement dated April 2, 2008 and amended by Amendments No. 1, 2, and 3 dated September 17, 2010, June 2, 2011 and September 13, 2011, respectively, by and among Tutor Perini Corporation, Mr. Tutor and certain shareholders of Tutor-Saliba Corporation signatory thereto (the "Amended Shareholders Agreement") such expansion would continue until the next meeting of shareholders at which directors are elected, at which time the size of the Board would be reduced back to eleven members and the slate of nominees for election adjusted accordingly. Additionally, under the Amended Shareholders Agreement Mr. Tutor has the right to designate two nominees for election to the Board only for so long as the Tutor Group owns at least 22.5% of the outstanding shares of common stock and one nominee if the Tutor Group owns less than 22.5% but more than 11.25% of the outstanding shares of common stock. The Amended Shareholders Agreement also imposes significant limits on Mr. Tutor's right to vote the shares of our common stock held by the Tutor Group or to take specified actions that may facilitate an unsolicited acquisition of control of the Company by Mr. Tutor or his affiliates. Mr. Tutor will nonetheless still be able to exert significant influence over the outcome of a range of corporate matters, including significant corporate transactions requiring a shareholder vote, such as a merger or a sale of the Company or its assets. This concentration of ownership and influence in management and Board decision-making also could harm the price of our common stock by, among other things, discouraging a potential acquirer from seeking to acquire shares of our common stock (whether by making a tender offer or otherwise) or otherwise attempting to obtain control of the Company.

Our business, financial position, results of operations and cash flows could be adversely affected by work stoppages and other labor problems.

We are a signatory to numerous local and regional collective bargaining agreements, both directly and through trade associations. If we or our trade associations are unable to negotiate with any of our unions, we might experience strikes, work stoppages or increased operating costs as a result of higher than anticipated wages or benefits. If our unionized workers engage in a strike or other work stoppage, or our non-unionized employees become unionized, we could experience a disruption of our operations and higher ongoing labor costs, which could adversely affect our business, financial position, results of operations and cash flows.

We have a substantial amount of indebtedness which could adversely affect our financial position and prevent us from fulfilling our obligations under our debt agreements, in particular under our $300 million senior unsecured notes and our $200 million term loan under our revolving credit facility.

We currently have and expect to continue to have a substantial amount of indebtedness. As of December 31, 2011, we have a total debt of approximately $672.5 million, consisting of $298.0 million of senior unsecured notes (net of unamortized debt discount of $2.0 million) (the "Senior Notes"), a $200 million term loan (the "Term Loan") under our revolving credit facility which has been paid down to $185 million at December 31, 2011, and $189.5 million of other debt. We may also incur significant additional indebtedness in the future. Our substantial indebtedness may:

- make it difficult for us to satisfy our financial obligations, including making scheduled principal and interest payments on the Senior Notes, Term Loan and our other indebtedness;

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- limit our ability to borrow additional funds for working capital, capital expenditures, acquisitions or other general business purposes;
- limit our ability to use our cash flow or obtain additional financing for future working capital, capital expenditures, acquisitions or other general business purposes;
- require us to use a substantial portion of our cash flow from operations to make debt service payments;
- limit our flexibility to plan for, or react to, changes in our business and industry;
- place us at a competitive disadvantage compared to our less leveraged competitors; and
- increase our vulnerability to the impact of adverse economic and industry conditions.

We are subject to restrictive covenants under our revolving credit facility and the indenture for our $300 million senior unsecured notes that could limit our flexibility in managing the business.

Our revolving credit facility imposes operating and financial restrictions on us. These restrictions include, among other things, limitations on our ability to:

- create liens or other encumbrances;
- enter into certain types of transactions with our affiliates;
- make certain capital expenditures;
- make investments, loans or other guarantees;
- sell or otherwise dispose of a portion of our assets; or
- merge or consolidate with another entity.

In addition, our revolving credit facility prohibits us from incurring debt from other sources without the consent of our lenders. Our revolving credit facility contains financial covenants that require us to maintain minimum net worth, minimum fixed charge coverage and maximum leverage ratios. Our ability to borrow funds for any purpose is dependent upon satisfying these tests.

Our Senior Notes also impose operating and financial restrictions on us including, among other things, the following limitations on our ability to:

- incur additional indebtedness or issue certain preferred stock;
- pay dividends on, or make distributions in respect of, our capital stock or repurchase our capital stock;
- make certain investments or other restricted payments;
- sell certain assets;
- create liens or use assets as security in other transactions;

- merge, consolidate or transfer or dispose of substantially all of their assets; or
- engage in certain transactions with affiliates

If we are unable to meet the terms of the financial covenants or fail to comply with any of the other restrictions contained in these agreements, an event of default could occur. An event of default, if not waived by our lenders, could result in an acceleration of any outstanding indebtedness, causing such debt to become immediately due and payable. If such an acceleration occurs, we may not be able to repay such indebtedness on a timely basis. Since indebtedness under our revolving credit facility and Senior Notes is secured by substantially all of our assets, acceleration of this debt could result in foreclosure of those assets. In the event of a foreclosure, we would be unable to conduct our business and may be forced to discontinue ongoing operations.

Funds associated with auction rate securities may not be liquid or readily available.

As discussed in Note 3 of Notes to Consolidated Financial Statements entitled "Fair Value Measurements" included in this report, our investment securities primarily consist of auction rate securities which are not currently liquid or readily available to convert to cash. In conjunction with our estimates of fair value at December 31, 2011, we deemed our investment in auction rate securities to be impaired by $4.8 million in 2011. This impairment was deemed to be other-than-temporary, thereby resulting in a charge to income. If the auction rate securities market continues to remain relatively illiquid, it is possible that we will be required to further adjust the fair value of our auction rate securities. If we determine that the decline in the fair value of our auction rate securities is other-than-temporary, it would result in additional impairment charges being recognized in our Consolidated Statements of Operations, which could be material and which could adversely affect our financial results. In addition, the lack of liquidity associated with these investments may require us to access our revolving credit facility until some or all of our auction rate securities are liquidated.

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We retain a certain level of self-insured risk for workers’ compensation, general liability, automobile liability and subcontractor default insurance.  Therefore, large self-insured losses, associated with several insurable events, could adversely affect our operating results.

We self-insure for a portion of our claims exposure resulting from workers' compensation, general liability, automobile liability and certain events of subcontractor default.  We maintain insurance coverage with licensed insurance carriers which limits our aggregate exposure to excessive loss experience in a given policy year.  In addition, we maintain insurance coverage above the amounts for which we self-insure.  We accrue currently for estimated incurred losses and expenses, and periodically evaluate and adjust our claims accrued liability to reflect our experience.  However, if excessive loss experience should occur in a policy year or years, ultimate results may differ materially from our estimates, which could adversely affect our operating results and cash flow.  Although we believe the level of our insurance coverage should be sufficient to cover reasonably expected claims, it is possible that one or more claims could exceed our aggregate coverage limits.  Also, there are some types of losses such as from hurricanes, terrorism, wars, or earthquakes where insurance is limited and/or not economically justifiable.  If an uninsured loss occurs, it could adversely affect our operating results and cash flow.

ITEM 1B.   UNRESOLVED STAFF COMMENTS
None.

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ITEM 2. PROPERTIES

Properties used in our construction operations consist primarily of office space within general, commercial office buildings in major cities as well as storage yards for our construction equipment. We believe our properties are well maintained, in good condition, adequate and suitable for our purposes. The following locations represent our major facilities:

| Principal Offices | Business Segment(s) | Owned or Leased by Tutor Perini | Approximate Acres | Approximate Square Feet of Office Space |
|---|---|---|---|---|
| Framingham, MA | Management Services | Owned | 9 | 103,000 |
| Hendersen, NV | Building | Owned | 4 | 58,000 |
| Ozone Park, NY | Specialty Contractors | Leased | - | 50,000 |
| Sylmar, CA | Corporate | Leased | - | 46,000 |
| Jessup, MD | Civil | Owned | 9 | 46,000 |
| Redwood City, CA | Building | Leased | - | 45,000 |
| Philadelphia, PA | Building | Leased | - | 34,000 |
| Sylmar, CA | Specialty Contractors | Owned | 2 | 29,000 |
| Gulfport, MS | Building | Owned | 1 | 28,000 |
| Houston, TX | Specialty Contractors | Leased | - | 28,000 |
| Mount Vernon, NY | Specialty Contractors | Leased | - | 27,000 |
| Barrigada, Guam | Management Services | Owned | 4 | 27,000 |
| Las Vegas, NV | Specialty Contractors | Leased | - | 24,000 |
| New Rochelle, NY | Civil | Owned | 1 | 21,000 |
| Ft. Lauderdale, FL | Building | Leased | - | 17,000 |
| Ft. Lauderdale, FL | Specialty Contractors | Leased | - | 14,000 |
| Evansville, IN | Civil | Leased | - | 11,000 |
| Lakeview Terrace, CA | Specialty Contractors | Leased | - | 11,000 |
| Black River Falls, WI | Civil | Owned | 2 | 8,000 |
| Salt Lake City, UT | Civil | Leased | - | 7,000 |
| | | | 32 | 634,000 |
| | | | | |
| Principal Permanent Storage Yards | | | | |
| Fontana, CA | Building and Civil | Leased | 33 | |
| Jackson County, WI | Civil | Owned | 26 | |
| Barrigada, Guam | Management Services | Owned | 13 | |
| Jessup, MD | Civil | Owned | 7 | |
| Stockton, CA | Building | Owned | 7 | |
| Houston, TX | Specialty Contractors | Leased | 7 | |
| New Windsor, NY | Civil | Leased | 1 | |
| Framingham, MA | Management Services | Owned | 1 | |
| Mount Vernon, NY | Specialty Contractors | Leased | 1 | |
| Ozone Park, NY | Specialty Contractors | Leased | 1 | |
| | | | | |
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ITEM 3. LEGAL PROCEEDINGS

Legal Proceedings are set forth in Part IV, Item 15 in this report and are hereby incorporated in this Item 3 by reference (see Note 9 of Notes to Consolidated Financial Statements entitled "Contingencies and Commitments").

## ITEM 4. MINE SAFETY DISCLOSURES

Section 1503 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") requires domestic mine operators to disclose violations and orders issued under the Federal Mine Safety and Health Act of 1977 (the "Mine Act") by the federal Mine Safety and Health Administration. We do not act as the owner of any mines but we may act as a mining operator as defined under the Mine Act where we may be an independent contractor performing services or construction of such mine.

Information concerning mine safety violations or other regulatory matters required by Section 1503(a) of the Dodd-Frank Act and Item 104 Regulation S-K is included in Exhibit 95.

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EXECUTIVE OFFICERS OF THE REGISTRANT

Listed below are the names, offices held, ages and business experience of our executive officers.

| Name, Offices Held and Age | Year First Elected to Present Office and Business Experience |
|---|---|
| Ronald N. Tutor, Director, Chairman and Chief Executive Officer – 71 | He has served as a Director since January 1997 and has served as our Chief Executive Officer since March 2000. He has also served as our Chairman since July 1999, Vice Chairman from January 1998 to July 1999, and Chief Operating Officer from January 1997 until March 2000 when he became Chief Executive Officer. Prior to our merger with Tutor-Saliba Corporation in September 2008, Mr. Tutor served as Chairman, President and Chief Executive Officer of Tutor-Saliba Corporation since prior to 1995 and actively managed that company since 1966. |
| Robert Band, Director and President of Tutor Perini and Chief Executive Officer, Management Services Group – 64 | He was appointed Chief Executive Officer of Management Services Group in March 2009. He has served as a Director since May 1999. He has also served as our President since May 1999 and as Chief Operating Officer from March 2000 to March 2009. Previously, he served as Chief Executive Officer from May 1999 until March 2000, Executive Vice President and Chief Financial Officer from December 1997 until May 1999, and President of Perini Management Services, Inc. since January 1996. Previously, he served in various operational and financial capacities since 1973, including Treasurer from May 1988 to January 1990. |
| James ("Jack") Frost, Executive Vice President and Chief Executive Officer, Civil Group – 58 | He was appointed to his current position in March 2009. Previously he was Executive Vice President and Chief Operating Officer of Tutor-Saliba. He joined Tutor-Saliba in 1988. |
| Mark A. Caspers, Executive Vice President and Chief Executive Officer, Building Group – 48 | He was appointed to his current position in March 2009. Previously he was President and Chief Operating Officer of Perini Building Company, where he has worked since 1982. |
| Kenneth R. Burk, Executive Vice President and Chief Executive Officer, Specialty Contractors Group – 52 | He was appointed to his current position in September 2011. Previously he served as Executive Vice President and Chief Financial Officer since September 2007. From February 2001 until July 2007, he served as President and Chief Executive Officer of Union Switch and Signal, Inc., a provider of technology services, control systems and specialty rail components for the rail transportation industry. From 1999 until 2000, he served as Executive Vice President and Chief Operating Officer of Railworks Corporation, a provider of services and supplies to the rail transportation industry. From 1994 to 1999, he served as Senior Vice President and Chief Financial Officer of Dick Corporation, a Pittsburgh, Pennsylvania-based engineering and construction firm. |
| Michael J. Kershaw, Executive Vice President and Chief Financial Officer – 62 | He was appointed to his current position in September 2011. Previously he served as Senior Vice President and Chief Accounting Officer of The Shaw Group Inc., a global provider of technology, engineering, procurement, construction services, among others, for government and private sector clients in the energy, chemicals, |

environmental, infrastructure and emergency response markets. Mr. Kershaw first joined The Shaw Group Inc. in September 2007 as Senior Vice President and Corporate Controller. From 2005 until September, 2007, Mr. Kershaw served as the Vice President of Accounting and Finance of the Energy and Chemicals Division of KBR, Inc., a global engineering, construction and services company supporting the energy, hydrocarbons, government services, minerals, civil infrastructure, power, industrial, and commercial markets. From 2003 until 2005, Mr. Kershaw served as Senior Controller for KBR, Inc.

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| | |
|---|---|
| William B. Sparks, Executive Vice President, Treasurer and Corporate Secretary – 63 | He was appointed to his current position in March 2009. He joined Tutor-Saliba in 1995 as Senior Vice President and Chief Financial Officer. |

Our officers are elected on an annual basis at the Board of Directors' Meeting immediately following the Annual Meeting of Stockholders, to hold such offices until the Board of Directors' Meeting following the next Annual Meeting of Stockholders and until their respective successors have been duly appointed or until his earlier resignation or removal.

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PART II.

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Our common stock is traded on the New York Stock Exchange under the symbol "TPC". In 2009, we changed our name to Tutor Perini Corporation from Perini Corporation and accordingly changed our symbol from “PCR” to “TPC”. The quarterly market high and low sales prices for our common stock in 2011 and 2010 are summarized below:

| | 2011 | | | 2010 | | |
|---|---|---|---|---|---|---|
| | High | | Low | High | | Low |
| Market Price Range per Common Share: | | | | | | |
| Quarter Ended | | | | | | |
| March 31 | $ 25.16 | - | $ 21.54 | $ 23.75 | - | $ 18.15 |
| June 30 | 26.66 | - | 18.54 | 25.48 | - | 16.37 |
| September 30 | 19.02 | - | 11.39 | 21.25 | - | 15.56 |
| December 31 | 16.58 | - | 10.57 | 23.85 | - | 18.60 |

Dividends

On October 25, 2010 our Board of Directors declared a special cash dividend of $1.00 per share of common stock. The dividend was paid on November 12, 2010 to stockholders of record on November 4, 2010. Prior to the special cash dividend paid in 2010, we had not paid any cash dividends on our common stock since 1990, and we currently have no future plans to pay cash dividends. Our revolving facility and senior unsecured notes also restrict us from making certain dividend payments (see Note 5 of Notes to Consolidated Financial Statements).

Holders

At February 29, 2012, there were 701 holders of record of our common stock, including holders of record on behalf of an indeterminate number of beneficial owners, based on the stockholders list maintained by our transfer agent.

Issuer Purchases of Equity Securities

There were no repurchases by the Company of its equity securities during the three months ended December 31, 2011. The Company acquired 10,775 shares from an employee in connection with the settlement of income tax and related benefit withholding obligations arising from vesting in restricted stock units.

Performance Graph

The following graph compares the cumulative 5-year total return to shareholders on our common stock relative to the cumulative total returns of the New York Stock Exchange Composite Index (“NYSE”) and the Dow Jones Heavy Construction Index (“DJ Heavy Construction”). We selected the DJ Heavy Construction because we believe the index reflects the market conditions within the industry we primarily operate. The comparison of total return on investment, defined as the change in year-end stock price plus reinvested dividends, for each of the periods assumes that $100 was invested on January 1, 2006, in each of our common stock, the NYSE and the DJ Heavy Construction, with investment weighted on the basis of market capitalization.

The comparisons in the following graph are based on historical data and are not intended to forecast the possible future performance of our common stock.

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COMPARISON OF 5-YEAR CUMULATIVE TOTAL RETURN
AMONG TUTOR PERINI CORPORATION,
NYSE COMPOSITE INDEX AND DJ HEAVY CONSTRUCTION INDEX

| | Fiscal Year Ending December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| Tutor Perini Corporation | 100.00 | 134.54 | 75.94 | 58.74 | 72.65 | 41.87 |
| NYSE Composite Index | 100.00 | 106.58 | 62.99 | 78.62 | 87.14 | 81.81 |
| DJ Heavy Construction | 100.00 | 189.61 | 84.84 | 96.55 | 123.48 | 101.42 |

The information included under the heading “Performance Graph” in Item 5 of this Annual Report on Form 10-K is “furnished” and not “filed” and shall not be deemed to be “soliciting material” or subject to Regulation 14A, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act.

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ITEM 6. SELECTED FINANCIAL DATA

Selected Consolidated Financial Information

The following selected financial data has been derived from our audited consolidated financial statements and should be read in conjunction with the consolidated financial statements, the related notes thereto and the independent auditors' report thereon, and "Management's Discussion and Analysis of Financial Condition and Results of Operations," which are included elsewhere in this Form 10-K and in previously filed annual reports on Form 10-K of Tutor Perini Corporation. Backlog and new business awarded are not measures defined in accounting principles generally accepted in the United States of America and have not been derived from audited consolidated financial statements.

| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2011 (1) | 2010 (2) | 2009 (3) | 2008 (4) | 2007 |
| | (In thousands, except per share data) | | | | |
| OPERATING SUMMARY | | | | | |
| Revenues: | | | | | |
| Building | $1,825,468 | $2,223,515 | $4,284,020 | $5,059,554 | $4,245,211 |
| Civil | 885,245 | 667,129 | 361,507 | 312,455 | 238,463 |
| Specialty Contractors | 802,460 | 112,860 | 201,087 | 85,276 | - |
| Management Services | 203,144 | 195,706 | 305,352 | 203,001 | 144,684 |
| Total | 3,716,317 | 3,199,210 | 5,151,966 | 5,660,286 | 4,628,358 |
| Cost of Operations | 3,320,976 | 2,861,362 | 4,763,919 | 5,327,056 | 4,379,464 |
| Gross Profit | 395,341 | 337,848 | 388,047 | 333,230 | 248,894 |
| G&A Expense | 226,965 | 165,536 | 176,504 | 133,998 | 107,913 |
| Goodwill and Intangible Asset Impairment (5) | - | - | - | 224,478 | - |
| Income (Loss) From Construction Operations | 168,376 | 172,312 | 211,543 | (25,246) | 140,981 |
| Other Income (Expense), Net | 4,421 | (2,280) | 1,098 | 9,559 | 15,361 |
| Interest Expense | (35,750) | (10,564) | (7,501) | (4,163) | (1,947) |
| Income (Loss) Before Income Taxes | 137,047 | 159,468 | 205,140 | (19,850) | 154,395 |
| Provision for Income Taxes | (50,899) | (55,968) | (68,079) | (55,290) | (57,281) |
| Net Income (Loss) | $86,148 | $103,500 | $137,061 | $(75,140) | $97,114 |
| | | | | | |
| Income (Loss) Available for Common Stockholders | $86,148 | $103,500 | $137,061 | $(75,140) | $97,114 |
| | | | | | |
| Per Share of Common Stock: | | | | | |
| Basic Earnings (Loss) | $1.82 | $2.15 | $2.82 | $(2.19) | $3.62 |
| Diluted Earnings (Loss) | $1.80 | $2.13 | $2.79 | $(2.19) | $3.54 |
| | | | | | |
| Cash Dividend Paid | $- | $1.00 | $- | $- | $- |
| Book Value | $29.58 | $27.88 | $26.54 | $23.56 | $13.65 |
| | | | | | |
| Weighted Average Common Shares Outstanding: | | | | | |
| Basic | 47,226 | 48,111 | 48,525 | 34,272 | 26,819 |
| Diluted | 47,890 | 48,649 | 49,084 | 34,272 | 27,419 |

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| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2011 (1) | 2010 (2) | 2009 (3) | 2008 (4) | 2007 |
| | (In thousands, except ratios) | | | | |
| FINANCIAL POSITION SUMMARY | | | | | |
| Working Capital | $556,800 | $592,928 | $303,118 | $225,049 | $293,521 |
| Current Ratio | 1.40 x | 1.61 x | 1.23 x | 1.13 x | 1.24 x |
| Long-term Debt, less current maturities | 612,548 | 374,350 | 84,771 | 61,580 | 13,358 |
| Stockholders' Equity | 1,399,827 | 1,312,994 | 1,288,426 | 1,138,226 | 368,334 |
| Ratio of Long-term Debt to Equity | .44 x | .29 x | .07 x | .05 x | .04 x |
| Total Assets | $3,613,127 | $2,779,220 | $2,820,654 | $3,073,078 | $1,654,115 |
| OTHER DATA | | | | | |
| Backlog at Year End (6) | $6,108,277 | $4,284,290 | $4,310,191 | $6,675,903 | $7,567,665 |
| New Business Awarded (7) | $5,540,304 | $3,173,309 | $2,786,256 | $4,768,524 | $3,744,642 |

(1) Includes the results of Fisk, Anderson, Frontier-Kemper, Lunda, WDF, FSE, Nagelbush and Becho as each was acquired during 2011. See Note 2 of Notes to Consolidated Financial Statements entitled "Mergers and Acquisitions".

(2) Includes the results of Superior Gunite, acquired November 1, 2010.

(3) Includes the results of Keating, acquired January 15, 2009.

(4) Includes the results of Tutor-Saliba, acquired September 8, 2008.

(5) Represents $224.5 million impairment charge to adjust goodwill and certain intangible assets to their fair values in the fourth quarter of 2008. See Note 4 of Notes to Consolidated Financial Statements entitled "Goodwill and Other Intangible Assets".

(6) A construction project is included in our backlog at such time as a contract is awarded or a letter of commitment is obtained and adequate construction funding is in place. Backlog is not a measure defined in accounting principles generally accepted in the United States of America, or GAAP, and our backlog may not be comparable to the backlog of other companies. Management uses backlog to assist in forecasting future results.

(7) New business awarded consists of the original contract price of projects added to our backlog in accordance with Note (6) above plus or minus subsequent changes to the estimated total contract price of existing contracts. This category also includes approximately $2.6 billion of backlog obtained through the completion of our acquisitions strategy in 2011. Management uses new business awarded to assist in forecasting future results.

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## ITEM 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### Overview

We were incorporated in 1918 as a successor to businesses that had been engaged in providing construction services since 1894. We provide diversified general contracting, construction management and design-build services to private clients and public agencies throughout the world. Our construction business is conducted through four basic segments or operations: Civil, Building, Specialty Contractors and Management Services. Our Civil segment specializes in public works construction and the repair, replacement and reconstruction of infrastructure, including highways, bridges, mass transit systems and water and wastewater treatment facilities, primarily in the western, northeastern and mid-Atlantic United States. Our Building segment has significant experience providing services to a number of specialized building markets, including the hospitality and gaming, transportation, healthcare, municipal offices, sports and entertainment, educational, correctional facilities, biotech, pharmaceutical and high-tech markets. Our Specialty Contractors segment specializes in plumbing, HVAC, electrical, mechanical, and pneumatically placed concrete for a full range of civil, building and management services construction projects in the industrial, commercial, hospitality and gaming, and transportation end markets, among others. Our Management Services segment provides diversified construction and design-build services to the U.S. military and federal government agencies, as well as surety companies and multi-national corporations in the United States and overseas.

The contracting and management services that we provide consist of general contracting, pre-construction planning and comprehensive management services, including planning and scheduling the manpower, equipment, materials and subcontractors required for the timely completion of a project in accordance with the terms and specifications contained in a construction contract. We also offer self-performed construction services including site work, concrete forming and placement, steel erection, electrical and mechanical, plumbing and HVAC. We provide these services by using traditional general contracting arrangements, such as fixed price, guaranteed maximum price and cost plus fee contracts and, to a lesser extent, construction management or design-build contracting arrangements. In the ordinary course of our business, we enter into arrangements with other contractors, referred to as “joint ventures,” for certain construction projects. Each of the joint venture participants is usually committed to supply a predetermined percentage of capital, as required, and to share in a predetermined percentage of the income or loss of the project. Generally, each joint venture participant is fully liable for the obligations of the joint venture.

During 2011, we completed the execution of our acquisition strategy to expand our business both vertically and geographically and provide synergies and opportunities to enhance our margins through an increase in the volume of our self-performed work, coupled with an increased volume of higher margin public works projects in our Civil and Building segments. We also completed a reorganization which resulted in the formation of the Specialty Contractors segment. Our Specialty Contractors segment is well-positioned geographically to enable us to capitalize on new work opportunities and to strengthen our position as a full-service contractor with greater control over scheduled delivery and risk management.

For the year ended December 31, 2011, we recorded revenues of $3.7 billion, income from construction operations of $168.4 million and net income of $86.1 million as compared to revenues of $3.2 billion, income from construction operations of $172.3 million and net income of $103.5 million in 2010. Our operating results decreased in 2011 due primarily to the substantial completion of several successful large public works projects, and increased interest expense associated with our senior unsecured notes, term loan and borrowings under our revolving facility, offset by contributions from the recent acquisitions we have closed.

At December 31, 2011, we had working capital of $556.8 million, a ratio of current assets to current liabilities of 1.40 to 1.00, and a ratio of long-term debt to equity of 0.44 to 1.00 as compared to working capital of $592.9, a ratio of current assets to current liabilities of 1.61 to 1.00 and a ratio of long-term debt to equity of 0.29 to 1.00 in 2010. These results reflect the additional leverage we took on during 2011 to finance our acquisition strategy. Our stockholders' equity increased to $1.4 billion as of December 31, 2011 from $1.3 billion as of December 31, 2010, reflecting the operating results achieved in 2011, despite difficult economic conditions particularly in the construction industry.

In addition to the $2.6 billion of backlog acquired from our recent acquisitions, we received significant new contract awards, as well as additions to existing contracts, and ended the year with a contract backlog of $6.1 billion, an increase of $1.8 billion from $4.3 billion as of December 31, 2010.

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Recent Developments

Tutor Perini Retained as Contractor for Hudson Yards Development in New York

On January 23, 2012 we announced that we have been retained by Related Companies and Oxford Properties Group as contractor for the Hudson Yards development in Midtown Manhattan (“Hudson Yards Development”). We have also been retained for the construction of a residential tower being developed just south of the Hudson Yards on 30th Street and 10th Avenue in New York City. The Hudson Yards Development is a 26-acre mixed-use development accommodating over 13 million square feet of commercial and residential space. The master plan comprises approximately 5,000 residences, 6 million square feet of state-of-the-art commercial office space, a 1 million square foot destination retail center with an over 130,000 square foot two-level space of specialty destination restaurants, cafes, markets and bars, a five star hotel, a unique cultural space, and a new 750-seat school, all carefully planned around 14 acres of public open space. Physical construction operations are scheduled to begin mid-2012. The project will be booked into backlog as various phases are released.

Completion of Acquisition Strategy, Formation of Specialty Contractors Segment and Executive Appointments

With the acquisitions of Five Star Electric Corporation (“FSE”), WDF, Inc. (“WDF”) and Nagelbush Mechanical, Inc. (“Nagelbush”), (collectively “GreenStar”), Lunda Construction Company (“Lunda”) and Becho, Inc. (“Becho”) during the third quarter of 2011, we have completed our acquisition strategy which also included the acquisitions of the following companies over the past year: Superior Gunite, Fisk Electric Company (“Fisk”), Anderson Companies (“Anderson”), and Frontier-Kemper Constructors (“Frontier-Kemper”). On a combined basis, these companies had 2010 annual revenues of approximately $1.7 billion and had backlog at the respective acquisition dates of approximately $2.6 billion. To finance this acquisition strategy, the Company has utilized the entire proceeds from the offering of our $300 million senior unsecured notes in October 2010, and a $200 million five-year term loan with Bank of America, N.A. in August 2011. We believe that the benefits and opportunities associated with the acquisitions closed will more than outweigh the additional interest charges associated with our increased leverage.

During the third quarter of 2011 we completed a reorganization which resulted in the formation of the Specialty Contractors reporting segment. The Specialty Contractors reporting segment consists of the following subsidiary companies: WDF, FSE, Nagelbush, Fisk, Powerco Electric Corporation (“Powerco”), Desert Mechanical, Inc. (“DMI”) (all previously included in the Building reporting segment), and Superior Gunite (previously included in the Civil reporting segment). On September 13, 2011, we appointed Kenneth R. Burk, our former Chief Financial Officer, as Executive Vice President and Chief Executive Officer of the Company's Specialty Contractors Group, and the executive leadership of each of the subsidiaries discussed above will report to Mr. Burk in his new role. The reorganization enables the Company to focus on vertical integration through increased self-performed work capabilities while maintaining the specialty contractors business with third parties, and it will strengthen the Company’s position as a full-service contractor with greater control over scheduled delivery and risk management.

On September 13, 2011, we also appointed Michael J. Kershaw to replace Mr. Burk as Executive Vice President and Chief Financial Officer, effective September 21, 2011. Prior to his hiring, Mr. Kershaw has served in several executive and managerial positions with several of our peers in the construction industry.

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Backlog Analysis for 2011

Our backlog of uncompleted construction work at December 31, 2011 was approximately $6.1 billion, as compared to the $4.3 billion at December 31, 2010. Our backlog was bolstered by the addition of $2.6 billion from our recent acquisitions closed during 2011. Our legacy Civil businesses contributed approximately $0.8 billion of new awards and other adjustments to existing contracts during 2011 despite increased competitive bidding we have experienced in the civil markets. Building segment backlog decreased during the year as a result of the substantial completion of large hospitality and gaming and public works projects in Las Vegas, Nevada. However, as discussed above, we have significant pending awards associated with the Hudson Yards Development project that we anticipate will enter our Building segment's backlog in 2012. Our Specialty Contractors segment backlog was bolstered primarily by the $1.2 billion of backlog acquired in the GreenStar merger. We expect to leverage our Specialty Contractors segment for its strong presence in the Northeastern markets as well as for the significant pending awards that we expect to convert to backlog in the near future. Our Management Services segment continues its focus on obtaining new work with various U.S government agencies, and has maintained a consistent level of backlog throughout 2011. The following table provides an analysis of our backlog by business segment for the year ended December 31, 2011.

| | Backlog at December 31, 2010 | New Business Awarded (1) | Revenues Recognized in 2011 | Backlog at December 31, 2011 |
|---|---|---|---|---|
| | (in millions) | | | |
| Building | $2,635.7 | $1,438.7 | $(1,825.5) | $2,248.9 |
| Civil | 1,387.7 | 1,719.7 | (885.2) | 2,222.2 |
| Specialty Contractors | 69.4 | 2,104.6 | (802.5) | 1,371.5 |
| Management Services | 191.5 | 277.3 | (203.1) | 265.7 |
| Total | $4,284.3 | $5,540.3 | $(3,716.3) | $6,108.3 |

(1) New business awarded consists of the original contract price of projects added to our backlog plus or minus subsequent changes to the estimated total contract price of existing contracts.

Critical Accounting Policies

Our accounting and financial reporting policies are in conformity with accounting principles generally accepted in the United States of America ("GAAP"). The preparation of our consolidated financial statements in conformity with GAAP requires us to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date, and the reported amounts of revenues and expenses during the reporting period. Although our significant accounting policies are described in Note 1, "Summary of Significant Accounting Policies," of the Notes to Consolidated Financial Statements in Item 15 of this Form 10-K, the following discussion is intended to describe those accounting policies most critical to the preparation of our consolidated financial statements.

Use of Estimates - The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Our construction business involves making significant estimates and assumptions in the normal course of business relating to our contracts and our joint venture contracts due to, among other things, the one-of-a-kind nature of most of our projects, the long-term duration of our contract cycle and the type of contract utilized. Therefore, management believes that the "Method of Accounting for Contracts" is the most important and critical accounting policy. The most significant estimates with regard to these financial statements relate to the estimating of total forecasted construction contract revenues, costs and profits in accordance with accounting for long-term contracts (see Note 1(d) of Notes to Consolidated Financial Statements) and estimating potential liabilities in conjunction with certain contingencies, including the outcome of pending or future litigation, arbitration or other dispute resolution proceedings relating to contract claims (see Note 9 of Notes to Consolidated Financial Statements). Actual results could differ from these estimates and such differences could be material.

Our estimates of contract revenue and cost are highly detailed. We believe, based on our experience, that our current systems of management and accounting controls allow us to produce materially reliable estimates of total contract revenue and cost during any accounting period. However, many factors can and do change during a contract performance period which can result in a change to contract profitability from one financial reporting period to another. Some of the factors that can change the estimate of total contract revenue and cost include differing site conditions (to the extent that contract remedies are unavailable), the availability of skilled contract labor, the performance of major material suppliers to deliver on time, the performance of major subcontractors, unusual weather conditions and the accuracy of the original bid estimate. Because we have many contracts in process at any given time, these changes in estimates can offset each other without impacting overall profitability. However, large changes in cost estimates on larger, more complex construction projects can have a material impact on our financial statements and are reflected in our results of operations when they become known.

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When recording revenue on contracts relating to unapproved change orders and claims, we include in revenue an amount less than or equal to the amount of costs incurred by us to date for contract price adjustments that we seek to collect from customers for delays, errors in specifications or designs, change orders in dispute or unapproved as to scope or price, or other unanticipated additional costs, in each case when recovery of the costs is considered probable. When determining the likelihood of eventual recovery, we consider such factors as evaluation of entitlement, settlements reached to date and our experience with the customer. The settlement of these issues may take years depending upon whether the item can be resolved directly with the customer or involves litigation or arbitration. When new facts become known, an adjustment to the estimated recovery is made and reflected in the current period results.

The amount of unapproved change order and claim revenue is included in our Consolidated Balance Sheets as part of costs and estimated earnings in excess of billings. These amounts include management's estimate of the probable cost recovery from the disputed claims considering such factors as evaluation of entitlement, settlements reached to date and our experience with the customer. In the event that future facts and circumstances, including the resolution of disputed claims, cause us to reduce the aggregate amount of our estimated probable cost recovery from the disputed claims, we will record the amount of such reduction against earnings in the relevant future period.

Method of Accounting for Contracts – Revenues and profits from our contracts and construction joint venture contracts are recognized by applying percentages of completion for the period to the total estimated revenues for the respective contracts. Percentage of completion is determined by relating the actual cost of the work performed to date to the current estimated total cost of the respective contracts. When the estimate on a contract indicates a loss, the entire loss is recorded during the accounting period in which it is estimated. In the ordinary course of business, at a minimum on a quarterly basis, we prepare updated estimates of the total forecasted revenue, cost and profit or loss for each contract. The cumulative effect of revisions in estimates of the total forecasted revenue and costs, including unapproved change orders and claims, during the course of the work is reflected in the accounting period in which the facts that caused the revision become known. The financial impact of these revisions to any one contract is a function of both the amount of the revision and the percentage of completion of the contract. An amount equal to the costs incurred that are attributable to unapproved change orders and claims is included in the total estimated revenue when realization is probable. For a further discussion of unapproved change orders and claims, see Item 1, "Business – Types of Contracts and The Contract Process" and Item 1A, "Risk Factors". Profit from unapproved change orders and claims is recorded in the accounting period in which such amounts are resolved.

Billings in excess of costs and estimated earnings represents the excess of contract billings to date over the amount of contract costs and profits (or contract revenue) recognized to date on the percentage of completion accounting method. Costs and estimated earnings in excess of billings represents the excess of contract costs and profits (or contract revenue) recognized to date on the percentage of completion accounting method over contract billings to date. Costs and estimated earnings in excess of billings results when (1) the appropriate contract revenue amount has been recognized in accordance with the percentage of completion accounting method, but a portion of the revenue recorded cannot be billed currently due to the billing terms defined in the contract and/or (2) costs, recorded at estimated realizable value, related to unapproved change orders or claims are incurred. For unapproved change orders or claims that cannot be resolved in accordance with the normal change order process as defined in the contract, we may employ other dispute resolution methods, including mediation, binding and non-binding arbitration, or litigation. See Item 3 – "Legal Proceedings" and Note 9, "Contingencies and Commitments" of Notes to Consolidated Financial Statements. The prerequisite for billing unapproved change orders and claims is the final resolution and agreement between the parties. Costs and estimated earnings in excess of billings related to our contracts and joint venture contracts at December 31, 2011 is discussed above under "Use of Estimates" and in Note 1(d) of Notes to Consolidated Financial Statements.

Impairment of Goodwill and Other Intangible Assets - Goodwill and intangible assets with indefinite lives are not being amortized. Intangible assets with finite lives are amortized over their useful lives. Construction contract backlog is amortized on a weighted average basis over the corresponding contract period. Customer relationships and certain trade names are amortized on a straight-line basis over their estimated useful lives. We evaluate intangible assets that are not being amortized at the end of each reporting period to determine whether events and circumstances continue to support an indefinite useful life. Intangible assets with finite lives are tested for impairment whenever events or circumstances indicate that the carrying value may not be recoverable.

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We test goodwill and intangible assets with indefinite lives for impairment by applying a fair value test in the fourth quarter of each year and between annual tests if events occur or circumstances change which suggest that the goodwill or intangible assets should be evaluated. The first step in the two step process is to compare the fair value of the reporting unit to its carrying value. If the carrying value of the reporting unit exceeds its fair value, a second step must be followed to calculate the goodwill impairment. The second step involves determining the fair value of the individual assets and liabilities of the reporting unit and calculating the implied fair value of goodwill. To determine the fair value of the Company and each of our reporting units, we perform both an income-based valuation approach as well as market-based valuation approach. The income-based valuation approach is based on the cash flows that the reporting unit expects to generate in the future and it requires us to project revenues, operating expenses, working capital investment, capital spending and cash flows for the reporting unit in a discrete period, as well as determine the weighted-average cost of capital to be used as a discount rate and a terminal value growth rate for the non-discrete period. The market-based valuation approach to estimate the fair value of our reporting units utilizes industry multiples of revenues and operating earnings.

Once we have determined the Company’s fair value, an implied control premium is calculated based on the fair value and the market capitalization, calculated based on the Company’s average stock price for the 30 days prior and subsequent to the date of the Company’s fair value assessment. In evaluating whether the Company’s implied control premium is reasonable, we consider a number of factors including the following factors of greatest significance.

- Market control premium: We compare the Company’s implied control premium to the average control premium paid in transactions of companies in the construction industry during the year of evaluation.

- Sensitivity analysis: We perform a sensitivity analysis to determine the minimum control premium required to recover the book value of the Company at the testing date. The minimum control premium required is then compared to the average control premium paid in transactions of companies in the construction industry during the year of evaluation.

- Impact of low public float and limited trading activity: A significant portion of our common stock is owned by our Chairman and CEO. As a result, the public float of our common stock, calculated as the percentage of shares of common stock freely traded by public investors divided by our total shares outstanding, is significantly lower than that of our publicly traded peers. This circumstance does not impact the fair value of the Company, however based on our evaluation of third party market data, we believe it does lead to an inherent marketability discount impacting our stock price.

Historically, the Company’s market capitalization has served as a reasonable proxy for the Company’s fair value. Given the recent decline in the Company’s stock price, which management attributes primarily to the limited trading activity of our common stock and current general economic conditions in the construction industry, the market capitalization is less than the stockholders’ equity of the Company as reflected in its Consolidated Balance Sheets. In conjunction with our 2011 impairment evaluation analysis, we reconciled our assessed fair value to our market capitalization and concluded that the implied control premium associated with the fair value estimate was reasonable based in part on current comparable market data and given the impacts of the limited trading activity and general economic conditions that do not impact our expectation of future cash flows. With regard to our reporting units, the fair values of our Building and Civil reporting units exceeded their carrying values by 3.0% and 3.8%, respectively, while the fair values of our Specialty Contractors and Management Services reporting units substantially exceeded their carrying values.

Impairment assessment inherently involves management judgments as to the assumptions used to project these amounts and the impact of market conditions on those assumptions. The key assumptions that we use to estimate the fair value of our reporting units under the income-based approach are as follows:

- Weighted average cost of capital used to discount our projected cash flows
- Cash flows generated from new work awards
- Projected operating margins

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Weighted average cost of capital rates used to discount our projected cash flows are developed via the capital asset pricing model which is primarily based upon market inputs. We use discount rates that we feel are an accurate reflection of the risks associated with the forecasted cash flows of our respective reporting units.

To develop the cash flows generated from new work awards and future operating margins, we track prospective work for each of our reporting units primarily on a project-by-project basis as well as the estimated timing of when the work would be bid or prequalified, started and completed. We also give consideration to our relationships with the prospective owners, the pool of competitors that are capable of performing large, complex work, changes in our business strategy including the opportunities associated with our focus on vertical integration, and our history of success in winning new work in each reporting unit. With regard to operating margins, we give consideration to our historical reporting unit operating margins in the end markets that our prospective work opportunities are most significant, and changes in our business strategy including our focus on obtaining higher margin, complex public works projects.

We also estimate the fair value of our reporting units under a market-based approach by applying industry multiples of revenues and operating earnings to our reporting units' projected performance. The conditions and prospects of companies in our industry depend on common factors such as overall demand for services.

Changes in our assumptions or estimates could materially affect the determination of the fair value of a reporting unit and, therefore, could reduce or eliminate the excess of fair value over the carrying value of a reporting unit entirely and, in some cases, could result in an impairment. Such changes in assumptions could be caused by:

- Terminations, suspensions, reductions in scope or delays in the start-up of the revenues and cash flows from our backlog as well as the prospective work we track

- Reductions in available government, state and local agencies and non-residential private industry funding and spending

- Our ability to effectively compete for new work and maintain and grow our market penetration in the regions that we operate. The majority of our projected cash flows were derived from contracts in backlog or those having a high probability of being awarded.

- Our ability to successfully control our costs, work schedule, and project delivery

On a quarterly basis we consider whether events or changes in circumstances indicate that assets, including goodwill and intangible assets not subject to amortization might be impaired. In conjunction with this analysis, we evaluate whether the Company's current market capitalization is less than its stockholders' equity and specifically consider (1) changes in macroeconomic conditions, (2) changes in general economic conditions in the construction industry including any declines in market-dependent multiples, (3) cost factors such as increases in raw materials, labor, or other costs that have a negative effect on earnings and cash flows analyses, (4) a reconciliation of the implied control premium to a current market control premium, (5) target price assessments by third party analysts and (6) how current market conditions impact our forecast of future cash flows including consideration of specific projects in backlog, pending awards, or large prospect opportunities. We also evaluate our most recent assessment of the fair value for each of our reporting units, considering whether our current forecast of future cash flows are in line with those used in our annual impairment assessment and whether there are any significant changes in trends or any other material assumption used.

As of December 31, 2011 we have concluded that we do not have an impairment of our goodwill or our indefinite-lived intangible assets and that the estimated fair value of each reporting unit exceeds its carrying value (see

Note 4 of Notes to Consolidated Financial Statements for additional goodwill disclosure).

Fair Value Measurements – We determined that we utilize unobservable (Level 3) inputs in determining the fair value of our investments in auction rate securities, valued at $62.3 million as of December 31, 2011. All of these instruments are classified as available for sale securities as of December 31, 2011. We have determined the estimated fair values of these securities utilizing a discounted cash flow analysis. In addition, we obtained an independent valuation of some of our auction rate security instruments and considered these valuations in determining the estimated fair values of the auction rate securities in our portfolio. Our analyses considered, among other items, the collateralization underlying the security investments, the expected future cash flows, including the final maturity, associated with the securities, and estimates of the next time the security is expected to have a successful auction or return to full par value.

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In conjunction with our estimates of fair value at December 31, 2011, we deemed our investment in auction rate securities to be impaired by $4.8 million in 2011. This impairment was deemed to be other-than-temporary, thereby resulting in a charge to income. See Note 3 of Notes to Consolidated Financial Statements for more information.

We also utilize unobservable (Level 3) inputs in determining the fair values of the contingent consideration involved in the purchases of several of our recently acquired entities. We estimated these fair values based on an income approach which is based on the cash flows that the acquired entity is expected to generate in the future. This approach requires management to project revenues, operating expenses, working capital investment, capital spending and cash flows for the reporting unit over a multi-year period, as well as determine the weighted-average cost of capital to be used as a discount rate. See Notes 2 and 3 of Notes to Consolidated Financial Statements for more information.

Share-based Compensation - We have granted restricted stock units and stock options to certain employees and non-employee directors. We recognize share-based compensation expense net of an estimated forfeiture rate and only recognize compensation expense for those shares expected to vest on a straight-line basis over the requisite service period of the award (which corresponds to the vesting period). Determining the appropriate fair value model and calculating the fair value of stock option awards requires the input of highly subjective assumptions, including the expected life of the stock option awards and the expected volatility of our stock price over the life of the awards. We used the Black-Scholes-Merton option pricing model to value our stock option awards, and utilized the historical volatility of our common stock as a reasonable estimate of the future volatility of our common stock over the expected life of the awards. The assumptions used in calculating the fair value of share-based payment awards represent our best estimates, but these estimates involve inherent uncertainties and the application of management's judgment. As a result, if factors change which require the use of different assumptions, share-based compensation expense could be materially different in the future. In addition, if the actual forfeiture rate is materially different from our estimate, share-based compensation expense could be significantly different from what has been recorded through December 31, 2011.

Insurance Liabilities – We assume the risk for the amount of the self-insured deductible portion of the losses and liabilities primarily associated with workers' compensation, general liability and automobile liability coverage. Losses are accrued based upon our estimates of the aggregate liability for claims incurred using historical experience and certain actuarial assumptions followed in the insurance industry. The estimate of our insurance liability within our self-insured deductible limits includes an estimate of incurred but not reported claims based on data compiled from historical experience. Actual experience could differ significantly from these estimates and could materially impact our consolidated financial position and results of operations. We purchase varying levels of insurance from third parties, including excess liability insurance, to cover losses in excess of our self-insured deductible limits. Currently, our self-insured deductible limit for workers' compensation, general liability and automobile coverage is generally $1.0 million per occurrence, subject to a policy aggregate loss limitation based upon policy exposures. In addition, on certain projects, we assume the risk for the amount of the self-insured deductible portion of losses that arise from any subcontractor defaults. Our self-insured deductible limit for subcontractor default on projects covered under our program is $2.0 million per occurrence, subject to a $3.5 million annual aggregate.

Accounting for Income Taxes – Information relating to our provision for income taxes and the status of our deferred tax assets and liabilities is presented in Note 6, "Income Taxes" of Notes to Consolidated Financial Statements. A key assumption in the determination of our book tax provision is the amount of the valuation allowance, if any, required to reduce the related deferred tax assets. The net deferred tax assets reflect management's estimate of the amount which will, more likely than not, reduce future taxable income.

We identified and reviewed potential tax uncertainties for tax positions taken or expected to be taken in a tax return and determined that the exposure to those uncertainties did not have a material impact on our results of operations or financial condition as of December 31, 2011.

Defined Benefit Retirement Plan – The status of our defined benefit pension plan obligations, related plan assets and cost is presented in Note 8 of Notes to Consolidated Financial Statements entitled “Employee Benefit Plans”. Plan obligations and annual pension expense are determined by actuaries using a number of key assumptions which include, among other things, the discount rate and the estimated future return on plan assets. The discount rate of 5.18% used for purposes of computing the 2011 annual pension expense was determined at the beginning of the calendar year based upon an analysis performed by our actuaries which matches the cash flows of our plan’s projected liabilities to bond investments of similar amounts and durations. We plan to change the discount rate used for computing the 2012 annual pension expense to 4.10% based upon a similar analysis by our actuaries.

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The estimated return on plan assets is primarily based on historical long-term returns of equity and fixed income markets according to our targeted allocation of plan assets (90% equity, 5% fixed income and 5% cash). We plan to use a return on asset rate of 7.0% in 2012 based on projected equity performance compared to long-term historical averages.

The plans' benefit obligations exceeded the fair value of plan assets on December 31, 2011, 2010, and 2009 by $38.5 million, $26.4 million and $22.9 million, respectively. Accordingly, we recorded adjustments to our pension liability with an offset to accumulated other comprehensive income (loss), a component of stockholders' equity.

Effective June 1, 2004, all benefit accruals under our pension plan were frozen; however, the vested benefit was preserved. Due to the expected increase in amortization of prior years' investment losses, we anticipate that pension expense will increase from $3.5 million in 2011 to $4.9 million in 2012. Cash contributions to our defined benefit pension plan are anticipated to be approximately $3.9 million in 2012. Cash contributions may vary significantly in the future depending upon asset performance and the interest rate environment.

Results of Operations -
2011 Compared to 2010

For the year ended December 31, 2011, we recorded revenues of $3,716.3 million, income from construction operations of $168.4 million and net income of $86.1 million as compared to revenues of $3,199.2 million, income from construction operations of $172.3 million and net income of $103.5 million for 2010. Basic and diluted earnings per common share for 2011 were $1.82 and $1.80, respectively, as compared to $2.15 and $2.13, respectively, for 2010. Consistent with our strategy of focusing on higher margin public works projects and expanding our civil and specialty contracting presence, we experienced continued growth in the contributions from both our Civil and Specialty Contractors segments. We anticipate the contributions from public works projects to continue to represent a sizeable percentage of our operations. Our legacy Building and Civil segment operating results primarily reflect the substantial completion of several successful, large public works projects as well as the start-up of several new public works projects in the eastern and western United States. Our Management Services segment continues its focus on obtaining new work with various U.S government agencies, including the U.S. military, both domestically and abroad. Our operating results decreased in 2011 due primarily to the substantial completion of several successful, large public works projects, and increased interest expense associated with our $300 million senior unsecured notes, $200 million term loan and borrowings under our revolving facility, offset by contributions from the recent acquisitions we have closed.

Revenues
The following table summarizes our revenues by segment.

| (dollars in millions) | Revenues for the Year Ended December 31, 2011 | Revenues for the Year Ended December 31, 2010 | $ Change | % Change |
|---|---|---|---|---|
| Building | $ 1,825.5 | $ 2,223.5 | $ (398.0 ) | (17.9 )% |
| Civil | 885.2 | 667.1 | 218.1 | 32.7 % |
| Specialty Contractors | 802.5 | 112.9 | 689.6 | *NM |
| Management Services | 203.1 | 195.7 | 7.4 | 3.8 % |
| Total | $ 3,716.3 | $ 3,199.2 | $ 517.1 | 16.2 % |

*NM – Not Meaningful

Building segment revenues decreased by $398.0 million (or 17.9%) from $2,223.5 million in 2010 to $1,825.5 million in 2011, due primarily to the substantial completion of large hospitality and gaming and public works projects in Las

Vegas and Philadelphia. This decrease was offset by the acquisition of Anderson which contributed $339.7 million in 2011.

Civil segment revenues increased by $218.1 million (or 32.7%), from $667.1 million in 2010 to $885.2 million in 2011, due primarily to the recent acquisitions which contributed approximately $342.3 million in revenues in the aggregate, offset by the substantial completion of projects in the metropolitan New York area.

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Specialty Contractors segment revenues increased by $689.6 million, from $112.9 million in 2010 to $802.5 million in 2011, due primarily to the recent acquisitions which contributed approximately $767.9 million in revenues in the aggregate.

Management Services segment revenues increased by $7.4 million (or 3.8%), from $195.7 million in 2010 to $203.1 million in 2011, due primarily to the start-up of a task order contract for containerized housing in southern Iraq offset by the substantial completion of U.S. military facilities in Iraq.

Income from Construction Operations

The following table summarizes our income from construction operations by segment.

| (dollars in millions) | Income from Construction Operations for the Year Ended December 31, 2011 | 2010 | $ Change | % Change |
|---|---|---|---|---|
| Building | $ 46.3 | $ 89.2 | $ (42.9) | (48.1)% |
| Civil | 78.6 | 88.1 | (9.5) | (10.8)% |
| Specialty Contractors | 65.6 | 6.3 | 59.3 | *NM |
| Management Services | 22.3 | 22.2 | 0.1 | 0.5 % |
| Corporate | (44.4) | (33.5) | (10.9) | 32.5 % |
| Total | $ 168.4 | $ 172.3 | $ (3.9) | (2.3)% |

*NM – Not Meaningful

Building segment income from construction operations decreased by $42.9 million (or 48.1%), from $89.2 million in 2010 to $46.3 million in 2011, due primarily to a decline in volume and operating margin caused by the substantial completion of successful large public works projects in Las Vegas and Philadelphia.

Civil segment income from construction operations decreased by $9.5 million (or 10.8%), from $88.1 million in 2010 to $78.6 million in 2011, due primarily to a decline in operating margin caused by the substantial completion and favorable performance on several projects in the metropolitan New York area and the timing of production on other large civil projects currently in backlog. This decrease was partly offset by the recent acquisitions which contributed approximately $27.5 million in income from construction operations (net of intangible assets amortization) in the aggregate.

Specialty Contractors segment income from construction operations increased by $59.3 million, from $6.3 million in 2010 to $65.6 million in 2011, due primarily to the recent acquisitions which contributed approximately $71.9 million in income from construction operations (net of intangible assets amortization) in the aggregate.

Management Services segment income from construction operations increased by $0.1 million (or 0.5%), from $22.2 million in 2010 to $22.3 million in 2011, due primarily to the changes in volume of revenues discussed above.

Corporate G&A expense increased by $10.9 million (or 32.5%) from $33.5 million in 2010 to $44.4 million in 2011 due primarily to a change in our methodology of allocating corporate expenses to our segments, as well as additional acquisition-related expenses incurred in 2011.

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Other Income (Expense), Interest Expense and Provision for Income Taxes

| (dollars in millions) | Year Ended December 31, 2011 | 2010 | $ Change | % Change |
|---|---|---|---|---|
| Other Income (Expense), net | $ 4.4 | $ (2.3 ) | $ 6.7 | *NM |
| Interest Expense | 35.8 | 10.6 | 25.2 | 237.7 % |
| Provision for Income Taxes | 50.9 | 56.0 | (5.1 ) | (9.1 )% |

*NM – Not Meaningful

Other income (expense), net increased by $6.7 million, from expense of $2.3 million in 2010 to income of $4.4 million in 2011, due primarily to the net reduction in certain business acquisition related liabilities of $7.3 million as compared to a $3.3 million net reduction in certain business acquisition related liabilities in 2010.

Interest expense increased by $25.2 million (or 237.7%), from $10.6 million in 2010 to $35.8 million in 2011, due primarily to interest recorded on our $300 million senior unsecured notes, which were issued in October 2010, our $200 million term loan, and on borrowings under our revolving facility.

The Provision for Income Taxes decreased by $5.1 million (or 9.1%), from $56.0 million in 2010 to $50.9 million in 2011, due to the decrease in pretax income. The increase in the effective tax rate from 35.1% in 2010 to 37.1% in 2011 was primarily due to a more favorable return to provision adjustment experienced in 2010 versus 2011.

Results of Operations -
2010 Compared to 2009

For the year ended December 31, 2010, we recorded revenues of $3,199.2 million, income from construction operations of $172.3 million and net income of $103.5 million, as compared to revenues of $5,152.0, income from construction operations of $211.5 million and net income of $137.1 million in 2009. Basic and diluted earnings per common share for 2010 were $2.15 and $2.13, respectively, as compared to $2.82 and $2.79, respectively, for 2009. Our operating results decreased in 2010 due primarily to the substantial completion of the CityCenter project in December 2009 as discussed below.

Revenues
The following table summarizes our revenues by segment.

| (dollars in millions) | Revenues for the Year Ended December 31, 2010 | 2009 | $ Change | % Change |
|---|---|---|---|---|
| Building | $ 2,223.5 | $ 4,284.0 | $ (2,060.5 ) | (48.1 )% |
| Civil | 667.1 | 361.5 | 305.6 | 84.5 % |
| Specialty Contractors | 112.9 | 201.1 | (88.2 ) | (43.9 )% |
| Management Services | 195.7 | 305.4 | (109.7 ) | (35.9 )% |
| Total | $ 3,199.2 | $ 5,152.0 | $ (1,952.8 ) | (37.9 )% |

Overall revenues decreased by $1,952.8 million (or 37.9%) from $5,152.0 million in 2009 to $3,199.2 million in 2010 due primarily to the decrease in our Building segment revenues.

Building segment revenues decreased by $2,060.5 million (or 48.1%), from $4,284.0 million in 2009 to $2,223.5 million in 2010, resulting from the substantial completion of the CityCenter project in December 2009, which contributed approximately $2.0 billion of revenues to the Building segment during 2009, as well as other declines in revenues in the hospitality and gaming and private nonresidential building markets due to continued financing and economic challenges arising from the current state of the global economy.

Civil segment revenues increased by $305.6 million (or 84.5%), from $361.5 million in 2009 to $667.1 million in 2010, due to an increased number of projects under construction in the metropolitan New York area which were awarded during 2009.

Specialty Contractors segment revenues decreased by $88.2 million (or 43.9%), from $201.1 million in 2009 to $112.9 million in 2010, due primarily to the substantial completion of the CityCenter project in December 2009.

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Management Services segment revenues decreased by $109.7 million (or 35.9%), from $305.4 million in 2009 to $195.7 million in 2010, due primarily to the completion of several overhead coverage system projects in Iraq and an airport facility in Guam.

Income from Construction Operations

The following table summarizes our income from construction operations by segment.

| (dollars in millions) | Income from Construction Operations for the Year Ended December 31, 2010 | 2009 | $ Change | % Change |
|---|---|---|---|---|
| Building | $ 89.2 | $ 137.5 | $ (48.3 ) | (35.1 )% |
| Civil | 88.1 | 44.3 | 43.8 | 98.9 % |
| Specialty Contractors | 6.3 | 18.0 | (11.7 ) | (65.0 )% |
| Management Services | 22.2 | 53.4 | (31.2 ) | (58.4 )% |
| Corporate | (33.5 ) | (41.7 ) | 8.2 | (19.7 )% |
| Total | $ 172.3 | $ 211.5 | $ (39.2 ) | (18.5 )% |

Overall income from construction operations decreased by $39.2 million (or 18.5%), from $211.5 million in 2009 to $172.3 million in 2010, due primarily to decreases in our Building and Management Services segments.

Building segment income from construction operations decreased by $48.3 million (or 35.1%), from $137.5 million in 2009 to $89.2 million in 2010, due primarily to the substantial completion in 2009 of several large projects in the hospitality and gaming and private nonresidential building markets, including the CityCenter project. However, our Building segment achieved an increase in operating margin due to a higher mix of public works projects in 2010 and by increasing the amount of our self-performed work.

Civil segment income from construction operations increased by $43.8 million (or 98.9%), from $44.3 million in 2009 to $88.1 million in 2010, due primarily to the increase in revenues discussed above coupled with favorable performance on certain large projects.

Specialty Contractors segment income from construction operations decreased by $11.7 million (or 65.0%), from $18.0 million in 2009 to $6.3 million in 2010, due primarily to the decrease in revenues discussed above.

Management Services segment income from construction operations decreased by $31.2 million (or 58.4%), from $53.4 million in 2009 to $22.2 million in 2010, reflecting the favorable performance achieved in 2009 upon substantial completion of several overhead coverage system projects in Iraq and an airport facility in Guam.

Overall income from construction operations was favorably impacted by an $8.2 million (or 19.7%) decrease in corporate G&A expense, from $41.7 million in 2009 to $33.5 million in 2010, due to savings related to cost-reduction measures instituted during 2009.

Other Income (Expense), Interest Expense and Provision for Income Taxes

| (dollars in millions) | Year Ended December 31, 2010 | 2009 | $ Change | % Change |
|---|---|---|---|---|
| Other Income (Expense), net | $ (2.3 ) | $ 1.1 | $ (3.4 ) | (309.1 )% |
| Interest Expense | 10.6 | 7.5 | 3.1 | 41.3 % |
| Provision for Income Taxes | 56.0 | 68.1 | (12.1 ) | (17.8 )% |

Other income (expense), net decreased by $3.4 million (or 309.1%), from income of $1.1 million in 2009 to expense of $2.3 million in 2010, due primarily to the recognition of a $5.7 million impairment charge relating to the adjustment of our investments in auction rate securities to fair value, and an increase in amortization of deferred debt costs due to the amendments to our credit agreement in 2010 and the issuance of our senior unsecured notes in October 2010. The impact of these increased charges was partly offset by a net reduction in certain business acquisition related liabilities.

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Interest expense increased by $3.1 million (or 41.3%), from $7.5 million in 2009 to $10.6 million in 2010, primarily due to the interest expense recorded in 2010 associated with our senior unsecured notes, partly offset by a non-recurring interest charge recorded in 2009 and a reduction in interest expense due to not borrowing under our revolving facility during 2010, as compared to 2009.

The provision for income taxes decreased by $12.1 million (or 17.8%), from $68.1 million in 2009 to $56.0 million in 2010, due primarily to the decrease in pretax income in 2010, as compared to 2009, partly offset by a higher effective tax rate. The effective tax rate for 2010 was 35.1% as compared to an effective tax rate of 33.2% for 2009. The lower tax rate in 2009 was the result of a favorable variance in permanent tax liability differences.

Potential Impact of Current Economic Conditions

Current economic and financial market conditions in the United States and overseas, including severe disruptions in the credit markets, have had an adverse effect on our results of operations. If there is a prolonged economic recession or depression or if government efforts to stabilize and revitalize credit markets and financial institutions are not effective, current economic and financial market conditions could continue to adversely affect our results of operations in future periods. The current instability in the financial markets has made it difficult for certain of our customers, including state and local governments, to access the credit markets to obtain financing or refinancing, as the case may be, to fund new construction projects on satisfactory terms or at all. State and local governments also are facing significant budget shortfalls as a result of declining tax and other revenues, which may cause them to defer or cancel planned infrastructure projects. This situation has contributed to lower revenues in the past 3 years. We may encounter increased levels of deferrals and delays related to new construction projects in the future. Difficulty in obtaining adequate financing due to the unprecedented disruption in the credit markets may increase the rate at which our customers defer, delay or cancel proposed new construction projects. Such deferrals, delays or cancellations could have an adverse impact on our future operating results.

Liquidity and Capital Resources

Cash and Working Capital

Cash and cash equivalents consist of amounts held by us as well as our proportionate share of amounts held by construction joint ventures. Cash held by us is available for general corporate purposes, while cash held by construction joint ventures is available only for joint venture-related uses. Joint venture cash and cash equivalents are not restricted to specific uses within those entities; however, the terms of the joint venture agreements limit our ability to distribute those funds and use them for corporate purposes. Cash held by construction joint ventures is distributed from time to time to us and to the other joint venture participants in accordance with our respective percentage interest after the joint venture partners determine that a cash distribution is prudent. Cash distributions received by us from our construction joint ventures are then available for general corporate purposes. At December 31, 2011 and December 31, 2010, cash held by us and available for general corporate purposes was $109.2 million and $455.5 million, respectively, our proportionate share of cash held by joint ventures and available only for joint venture-related uses was $95.0 million and $15.9 million, respectively, and our Restricted Cash was $35.4 million and $23.6 million, respectively.

Billing procedures in the construction industry generally are based on the specific billing terms of a contract. For example, billings may be based on various measures of performance, such as cubic yards excavated, architect's estimates of completion, costs incurred on cost-plus type contracts or weighted progress from a cost loaded construction time schedule. Billings are generally on a monthly basis and are reviewed and approved by the customer prior to submission. Therefore, once a bill is submitted, we are generally able to collect amounts owed to us in accordance with the payment terms of the contract. In addition, receivables of a contractor usually include retentions, or amounts that are held back until contracts are completed or until specified contract conditions or guarantees are met. Retentions are governed by contract provisions and are typically a fixed percentage (for example, 5% or 10%) of each billing. We generally follow the policy of paying our vendors and subcontractors after we receive payment from our customer.

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A summary of cash flows for each of the years ended December 31, 2011, 2010 and 2009 is set forth below:

| | Year Ended December 31, 2011 | 2010 | 2009 |
|---|---|---|---|
| | | (In millions) | |
| Cash flows provided (used) by: | | | |
| Operating activities | $ (30.6 ) | $ 26.3 | $ (26.1 ) |
| Investing activities | (378.2 ) | (77.5 ) | (40.9 ) |
| Financing activities | 141.6 | 174.3 | 29.1 |
| Net (decrease) increase in cash | (267.2 ) | 123.1 | (37.9 ) |
| Cash at beginning of year | 471.4 | 348.3 | 386.2 |
| Cash at end of year | $ 204.2 | $ 471.4 | $ 348.3 |

During 2011, we used $30.6 million in cash flow from operating activities. The operating cash use is primarily due to cash payments made for income taxes and interest, offset by collections on several large projects in our Building, Civil and Management Services segments during 2011. We used $378.2 million in cash to fund investing activities, primarily for the acquisitions discussed above as well as cash used to purchase construction equipment. We received $141.6 million in cash from financing activities, primarily due to our $200 million term loan. Our cash balance decreased by $267.2 million primarily due to the use of cash to fund our acquisition strategy during 2011.

During 2010, we generated $26.3 million in cash from operating activities. The cash flow from operating activities is primarily due to operating cash flow from our Civil segment which more than offset operating cash uses from our Building segment resulting from the timing of receivable collections on certain large projects, including receivables on the CityCenter project. We used $77.5 million in cash to fund investing activities, including $30.9 million to fund the acquisition of Superior Gunite; $6.7 million to fund the deferred purchase price of certain acquisitions made in prior years; $25.2 million to purchase construction equipment; and $23.6 million for restricted cash to secure insurance-related contingent obligations, such as insurance claim deductibles, in lieu of utilizing letters of credit. We received $174.3 million from financing activities which primarily reflects proceeds of $297.8 million received in conjunction with our issuance of the senior unsecured notes, net of the debt discount. Cash flow used for financing activities also includes $47.1 million for the payment of a special dividend on our common stock; $39.4 million for the repurchase of shares of our common stock in accordance with our previously announced share repurchase program; a net reduction in debt of $29.0 million; and $7.9 million for costs primarily associated with our issuance of the senior unsecured notes.

During 2009, we used $26.1 million in cash flow from operating activities. The negative cash flow from operating activities is primarily due to the timing of receivables on certain large projects. We used $40.9 million in cash to fund investing activities, principally the purchase of property used in our Building and Management Services segments, equipment to be used in our Civil segment, and $44.8 million to fund the acquisition of Keating. We received $29.1 million in cash from financing activities, principally from a $35 million note collateralized by transportation equipment owned by us and two notes totaling $9.7 million to finance property acquisitions in Guam. Our cash balance decreased by $37.9 million during 2009 due to the use of cash in our operating and investing activities, which was primarily driven by an uncollected contract receivable related to the Fontainebleau project, as discussed in Note 9 of Notes to Consolidated Financial Statements, and timing related billings due to the start up of new projects and the cash disbursements associated with projects completing during the year.

Working capital increased, from $303.1 million at the end of 2009 to $556.8 million at December 31, 2011. The increase in working capital over the two-year period primarily reflects working capital balances acquired from our recent acquisitions. Accordingly, the current ratio increased from 1.23x at December 31, 2009 to 1.40x at December 31, 2011.

Long-term Investments

At December 31, 2011, we had investments in auction rate securities of $62.3 million, which are reflected at fair value. These investments are considered to be "available for sale", and are classified as long-term investments. Our investment policy is to manage our assets to achieve our goals of preserving principal, maintaining adequate liquidity at all times, and maximizing returns subject to our investment guidelines. The current overall liquidity concerns in capital markets have affected our ability to liquidate many of our investments in auction rate securities. Based on our ability to access our cash equivalent investments, and $297.0 million available under our available revolving facility as of December 31, 2011, we do not expect the short-term lack of liquidity in the capital markets to affect our overall liquidity position or our ability to execute our current business plan. For a description of our accounting for auction rate securities, see Note 3 of Notes to Consolidated Financial Statements.

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We hold a variety of interest bearing auction rate securities, the majority of which are rated AAA, that generally represent interests in pools of interest bearing student loans. These auction rate securities provide liquidity via an auction process that resets the applicable interest rate at predetermined intervals, typically every 7 or 28 days. In the event that such auctions are unsuccessful, the holder of the securities is not able to access these funds until a future auction of these investments is successful. An unsuccessful auction results in a lack of liquidity in the securities but does not signify a default by the issuer. Upon an unsuccessful auction, the interest rates do not reset at a market rate but instead reset based upon a formula contained in the security, which rate is generally higher than the current market rate. During the first quarter of 2008, we made substantial additional investments in auction rate securities. Since mid-February 2008, regularly scheduled auctions for these securities started to fail throughout the market at a significant rate. Since that time, we have been successful in liquidating at par value a significant portion of our investment in auction rate securities. During 2011 and 2010, we determined that the carrying value of our investment in auction rate securities was in excess of its fair value and we recorded impairment charges of $4.8 million and $5.7 million in 2011 and 2010, respectively, which were deemed to be other-than-temporary, thereby resulting in a charge to income. During 2009, we determined that the carrying value of our auction rate securities reflected fair value and therefore did not recognize any impairment charge.

Off-Balance Sheet Arrangements

We do not have any financial partnerships with unconsolidated entities, such as entities often referred to as structured finance, special purpose entities or variable interest entities which are often established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. Accordingly, we are not exposed to any financing, liquidity, market or credit risk that could arise if we had such relationships.

Long-term Debt

Long-term debt, excluding current maturities of $60.0 million, was $612.5 million at December 31, 2011, an increase of $238.2 million from December 31, 2010, due primarily to the $200 million term loan, and several new equipment financing arrangements. The remaining balance of our outstanding debt is generally secured by the underlying assets. Excluding the unsecured senior notes of $298.0 million and our $200 million term loan (which has been paid down to $185.0 million as of December 31, 2011) discussed below, approximately $162.3 million of the remaining $189.5 million in total debt outstanding at December 31, 2011 carries interest at a fixed rate. The long-term debt to equity ratio increased to .44x at December 31, 2011, as compared to .29x at December 31, 2010.

7.625% Senior Notes due 2018

On October 20, 2010, we completed a private placement offering of $300 million in aggregate principal amount of its 7.625% senior unsecured notes due November 1, 2018 (the "Senior Notes"). The Senior Notes were priced at 99.258%, resulting in a yield to maturity of 7.75%. The Senior Notes were made available in a private offering that is exempt from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act"). The private placement of the Senior Notes resulted in proceeds to the Company of approximately $293.2 million after a debt discount of $2.2 million and initial debt issuance costs of $4.6 million. The Senior Notes were issued pursuant to an indenture (the "Indenture"), dated as of October 20, 2010 by and among the Company, our subsidiary guarantors and Wilmington Trust FSB, as trustee (the "Trustee").

The Senior Notes mature on November 1, 2018, and bear interest at a rate of 7.625% per annum, payable semi-annually in cash in arrears on May 1 and November 1 of each year, beginning on May 1, 2011. The Senior Notes are senior unsecured obligations of the Company and are guaranteed by substantially all of our existing and future subsidiaries that guarantee obligations under our Amended Credit Agreement.

The terms of the Indenture, among other things, limit the ability of the Company and our restricted subsidiaries to (i) incur additional indebtedness or issue certain preferred stock; (ii) pay dividends on, or make distributions in respect of, our capital stock or repurchase the Company's capital stock; (iii) make certain investments or other restricted payments; (iv) sell certain assets; (v) create liens or use assets as security in other transactions; (vi) merge, consolidate or transfer or dispose of substantially all of our assets; and (vii) engage in certain transactions with affiliates.

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The Senior Notes are redeemable, in whole or in part, at any time on or after November 1, 2014, at the redemption prices specified in the Indenture, together with accrued and unpaid interest, if any, to the redemption date. At any time prior to November 1, 2013, we may redeem up to 35% of the aggregate principal amount of the Senior Notes with the net cash proceeds from certain equity offerings at a redemption price equal to 107.625% of the principal amount thereof, together with accrued and unpaid interest, if any, to the redemption date. In addition, at any time prior to November 1, 2014, we may redeem the Senior Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the Senior Notes so redeemed, plus a “make whole” premium, together with accrued and unpaid interest, if any, to the redemption date.

Upon the occurrence of a change of control triggering event specified in the Indenture, we must offer to purchase the Senior Notes at a redemption price equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of purchase.

The Indenture provides for customary events of default (subject in certain cases to customary grace and cure periods), which include nonpayment, breach of covenants in the Indenture, payment defaults or acceleration of other indebtedness, a failure to pay certain judgments and certain events of bankruptcy and insolvency. If an event of default occurs and is continuing, the Trustee or holders of at least 25% in principal amount of the outstanding Senior Notes may declare the principal, accrued and unpaid interest, if any, on all the Senior Notes to be due and payable.

In April 2011, the Company filed an amended registration statement with the Securities and Exchange Commission with respect to an offer to exchange the Senior Notes for a new issue of debt securities registered under the Securities Act (the “Exchange Offer”), with terms substantially identical to those of the Senior Notes, (except for provisions relating to the transfer restrictions and payment of additional interest), and to keep the Exchange Offer open for at least 30 business days (the “Registration Statement”). The Exchange Offer was consummated in June 2011.

Amended Credit Agreement

On September 8, 2008, we entered into a Third Amended and Restated Credit Agreement (the “Credit Agreement”) with Bank of America, N. A. The Credit Agreement has been amended by a Joinder Agreement dated February 13, 2009 executed by Daniel J. Keating Construction Company; by a First Amendment dated February 23, 2009; by a Second Amendment dated January 13, 2010; and by a Third Amendment dated October 4, 2010. On May 4, 2011 we entered into a Fourth Amended and Restated Credit Agreement with Bank of America, N.A. and on August 3, 2011 we entered into a Fifth Amended and Restated Credit Agreement (the “Amended Credit Agreement”) with Bank of America, N.A., which has been amended by a Joinder Agreement dated October 21, 2011 executed by Becho, Inc. This Amended Credit Agreement is currently in affect. For a description of the material terms of the Amended Credit Agreement, see Note 5 of Notes to Consolidated Financial Statements. The Amended Credit Agreement allows us to borrow up to $300 million on a revolving credit basis (the “Revolving Facility”), with a $50 million sublimit for letters of credit, and an additional $200 million term loan (the “Term Loan”). Subject to certain conditions, we have the option to increase the base facility by up to an additional $50 million. Any outstanding loans under the Revolving Facility mature on August 3, 2016, while the Term Loan includes quarterly installments of principal and interest payable over a five-year period. We borrowed under the Revolving Facility during 2011, beginning in June 2011, during a brief period in 2009 and did not utilize the Revolving Facility during 2010, other than for letters of credit. There are no borrowings outstanding at December 31, 2011 and $3.0 million utilized for letters of credit and, accordingly we have $297.0 million available to borrow under the Amended Credit Agreement.

The Amended Credit Agreement requires us to comply with certain financial and other covenants including minimum net worth, minimum fixed charge coverage and maximum leverage ratios. We are currently in compliance with the covenants of the Amended Credit Agreement.

The Amended Credit Agreement also includes certain customary provisions for this type of facility, including operational covenants restricting liens, investments, indebtedness, fundamental changes in corporate organization, and dispositions of property, and events of default, certain of which include corresponding grace periods and notice requirements.

The Amended Credit Agreement provides for customary events of default with corresponding grace periods, including (i) failure to pay any principal or interest when due, (ii) failure to comply with covenants, (iii) any material representation or warranty made by the Company proving to be incorrect in any material respect, (iv) defaults relating to or acceleration of other material indebtedness, (v) certain insolvency or receivership events affecting the Company, (vi) a change in control of the Company, or (vii) the Company becoming subject to certain material judgments.

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On August 26, 2011, we entered into a swap agreement (“Swap Agreement”) with Bank of America, N.A. to establish a long-term interest rate for the Term Loan discussed above. The Swap Agreement will become effective for the Term Loan principal balance outstanding at January 31, 2012 and will remain effective through the maturity date of the Term Loan. Amounts outstanding under the Swap Agreement will bear interest at a rate equal to, the Applicable Rate, as defined in the Amended Credit Agreement (based upon our consolidated leverage ratio) plus 97.5 basis points. The Swap Agreement includes quarterly installments of principal and monthly installments of interest payable through the maturity date of the Term Loan.

Debt Agreements from Recent Acquisitions

In connection with the acquisition of Frontier-Kemper (see Note 2 of Notes to Consolidated Financial Statements), we assumed approximately $52 million of debt of which approximately $35 million was paid off upon the closing of the transaction. Substantially all of the debt remaining existed in the form of a promissory note payable from Frontier-Kemper to the former sole shareholder of Frontier-Kemper in the amount of $17.1 million (the “Frontier-Kemper Seller Note”). Interest under the Frontier-Kemper Seller Note accrues at the rate of 2% per annum with all accrued but unpaid interest payable on September 30, 2011 and December 31, 2011. Additionally, the Frontier-Kemper Seller Note contains an indemnification provision allowing us to offset balances against the principal due under certain circumstances. This provision resulted in a reduction in the principal due under the Frontier-Kemper Seller Note to $14.1 million, and this amount plus all accrued interest was paid off on December 30, 2011.

In connection with the GreenStar merger (see Note 2 of Notes to Consolidated Financial Statements), we issued to the interest holder representative, on behalf of certain of GreenStar’s former equity holders, a promissory note in the amount of approximately $74.9 million (the “GreenStar Seller Note”). Interest under the GreenStar Seller Note accrued at the rate of 8% per annum with all accrued but unpaid interest payable on August 1, September 1 and October 1, 2011. The GreenStar Seller Note and all accrued interest was paid off on August 3, 2011.

In connection with the acquisition of Lunda (see Note 2 of Notes to Consolidated Financial Statements), we issued to the former Lunda shareholders promissory notes in an aggregate amount of approximately $21.7 million (the “Lunda Seller Notes”). Interest under the Lunda Seller Notes accrues at the rate of 5% per annum with all accrued but unpaid interest payable annually. The Lunda Seller Notes mature on July 1, 2016. We may prepay all or any portion of the Lunda Seller Notes at any time without premium or penalty. To the extent that the Company prepays all or any portion of its outstanding Senior Notes, it is also required to repay a pro rata portion (based upon the amount being prepaid under the Senior Notes and the total amount outstanding under the Senior Notes) of the Lunda Seller Notes. The Lunda Seller Notes are guaranteed by Lunda, which, as a result of the acquisition, is a wholly owned subsidiary of the Company.

Collateralized Loans

During 2011, we entered into several equipment financing arrangements for our existing and our recently acquired equipment fleets. We attempted to take advantage of the opportunity to fix low interest rates for these fleets which has provided us with additional cash flows available for general corporate purposes. The agreements we entered into are discussed in more detail below.

In September 2011, we entered into two new equipment financing agreements. We obtained two loans for $12.5 million each, which are collateralized by construction equipment owned by us. The terms of each of the loans include equal monthly installments inclusive of principal and interest at an interest rate of 2.21% payable over a five-year period. In August 2011, we entered into a new equipment financing agreement. We obtained a loan totaling $25.0 million, which is collateralized by construction equipment owned by us. The terms of the loan include equal monthly installments inclusive of principal and interest at an interest rate of 2.53% payable over a five-year period. In March

2011, we paid off and subsequently refinanced several of our equipment financing agreements at lower interest rates and also entered into several new equipment financing agreements. The refinancing resulted in payments totaling $27.4 million which paid off the previous agreements in place. We obtained loans totaling $59.7 million, which are collateralized by construction equipment owned by us. The terms of the loans include equal monthly installments inclusive of principal and interest at an interest rate of 3.98% payable over a five-year period, with balloon payments totaling $9.0 million in 2016.

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Contractual Obligations

Our outstanding contractual obligations as of December 31, 2011 are summarized in the following table:

| | Payments Due by Period (In thousands) | | | | |
|---|---|---|---|---|---|
| | Total | Less Than 1 Year | 1-3 Years | 3-5 Years | More Than 5 Years |
| Total debt, excluding interest | $672,507 | $59,959 | $157,571 | $151,184 | $303,793 |
| Interest payments on debt | 200,642 | 36,488 | 65,399 | 52,677 | 46,078 |
| Operating leases, net | 52,999 | 14,875 | 22,201 | 11,827 | 4,096 |
| Purchase obligations | 6,974 | 3,724 | 3,250 | - | - |
| Acquisition-related liabilities | 74,851 | 23,255 | 43,056 | 8,540 | - |
| Unfunded pension liability | 38,551 | 3,868 | 11,604 | 11,604 | 11,475 |
| | | | | | |
| Total contractual obligations | $1,046,524 | $142,169 | $303,081 | $235,832 | $365,442 |

Stockholders' Equity

Our book value per common share was $29.58 at December 31, 2011, compared to $27.88 at December 31, 2010, and $26.54 at December 31, 2009. The major factors impacting stockholders' equity during the three year period were the net income recorded in all three years; the annual amortization of stock compensation expense; common stock options exercised; the excess income tax benefit attributable to stock-based compensation; the repurchase of our common stock in 2010 in conjunction with our share repurchase program; and the declaration of a special dividend on our common stock in 2010. Also, we were required to adjust our accrued pension liability by an increase of $14.8 million in 2011, an increase of $4.9 million in 2010, and a decrease of $2.0 million in 2009, respectively, and a cumulative increase of $41.5 million in prior years, with the offset to accumulated other comprehensive income (loss) which resulted in an aggregate $59.2 million pretax accumulated other comprehensive loss reduction in stockholders' equity at December 31, 2011 (see Note 8 of Notes to Consolidated Financial Statements). Adjustments to the amount of this accrued pension liability will be recorded in future years based upon periodic re-evaluation of the funded status of our pension plans.

Dividends

There were no cash dividends declared on paid on our outstanding common stock during 2011 and 2009. On October 25, 2010, our Board of Directors declared a special dividend of $1.00 per share of common stock. The dividend was paid on November 12, 2010 to stockholders of record on November 4, 2010.

Related Party Transactions

We are subject to certain related party transactions with our Chairman and Chief Executive Officer, Ronald N. Tutor, and the Vice Chairman of O&G Industries, Inc., one of our directors. A more detailed description of these transactions will be set forth in the sections entitled "Certain Relationships and Related Party Transactions" in the definitive proxy statement in connection with our 2012 Annual Meeting of Stockholders (the "Proxy Statement"), which section is incorporate herein by reference.

New Accounting Pronouncements

In May 2011, the Financial Accounting Standard Board (“FASB”) issued a staff position amending existing guidance for fair value measurements and disclosures in both interim and annual financial statements. This update expands the disclosures for fair value measurements that are estimated using significant unobservable (Level 3) inputs. This update will be effective for the Company with the interim and annual reporting periods for fiscal years beginning after December 15, 2011. Other than requiring additional disclosures, adoption of this update will not have a material effect on the Company's consolidated financial statements.

In June 2011, the FASB issued a staff position which requires an entity to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income, or in two separate but consecutive statements. This update eliminates the option to present components of other comprehensive income as part of the statement of equity. This update will be effective for the Company with the interim and annual reporting periods for fiscal years beginning after December 15, 2011. The adoption of this update will not have a material effect on the Company's consolidated financial statements.

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In September 2011, the FASB issued a staff position that gives an entity the option to make a qualitative evaluation about the likelihood of goodwill impairment. An entity that adopts this option will be required to perform the two-step impairment test only if it concludes that the fair value of a reporting unit is more likely than not less than its carrying value. This update is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011, with early adoption permitted. This update will be effective for the Company with the interim and annual reporting periods for fiscal years beginning after December 15, 2011. The adoption of this update will not have a material effect on the Company's consolidated financial statements.

In September 2011, the FASB issued a staff position that revises the way in which entities disclose participation in a multiemployer plan. This update will be effective for the Company with the annual reporting period for the fiscal year ending after December 15, 2011. Other than requiring additional disclosures, adoption of this update has not had a material effect on the Company's consolidated financial statements.

## ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our exposure to market risk for changes in interest rates relates primarily to borrowings under our Amended Credit Agreement, our Term Loan, and our short-term and long-term investment portfolios. Our Revolving Facility is available for us to borrow, when needed, for general corporate purposes, including working capital requirements and capital expenditures. Borrowings under our Revolving Facility and outstanding principal on our Term Loan bear interest at the applicable LIBOR or base rate, as defined, and therefore we are subject to fluctuations in interest rates. We borrowed from our Revolving Facility during a brief period in 2011; however, these borrowings were paid off as of December 31, 2011. Additionally in August 2011, we entered into the Swap Agreement with Bank of America, N.A. to establish a long-term interest rate for the Term Loan. The Swap Agreement will become effective for the Term Loan principal balance outstanding at January 31, 2012 and will remain effective through the maturity date of the Term Loan. Amounts outstanding under the Swap Agreement will bear interest at a rate equal to, the Applicable Rate, as defined in the Amended Credit Agreement (based upon the Company's consolidated leverage ratio) plus 97.5 basis points. Of our remaining outstanding debt at December 31, 2011 (excluding the Term Loan balance of $185.0 million and the Senior Notes balance of $298.0 million), totaling $189.5 million, approximately $162.3 million carries interest at a fixed rate. Accordingly, we do not believe our liquidity or our operations are subject to significant market risk for changes in interest rates.

We hold a variety of interest bearing auction rate securities, the majority of which are rated AAA, that generally represent interests in pools of interest bearing student loans. These auction rate securities provide liquidity via an auction process that resets the applicable interest rate at predetermined intervals, typically every 7 or 28 days. In the event that such auctions are unsuccessful, the holder of the securities is not able to access these funds until a future auction of these investments is successful. An unsuccessful auction results in a lack of liquidity in the securities but does not signify a default by the issuer. Upon an unsuccessful auction, the interest rates do not reset at a market rate but instead reset based upon a formula contained in the security, which rate is generally higher than the current market rate. Since mid-February 2008, regularly scheduled auctions for these securities started to fail throughout the market at a significant rate. Since that time, we have been successful in liquidating at par value a significant portion of our investment in auction rate securities. At December 31, 2011, we had investments in auction rate securities of $62.3 million which are reflected at fair value after cumulative net fair value adjustments of $16.1 million. These investments are considered to be "available-for-sale" and are classified as long-term investments. Our investment policy is to manage our assets to achieve our goals of preserving principal, maintaining adequate liquidity at all times, and maximizing returns subject to our investment guidelines. The current overall liquidity concerns in capital markets have affected our ability to liquidate many of our investments in auction rate securities. Based on our ability to access our cash equivalent investments, and our available Revolving Facility, we do not expect the short-term lack of liquidity to affect our overall liquidity position or our ability to execute our current business plan.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The Report of Independent Registered Public Accounting Firm, Consolidated Financial Statements, and Supplementary Schedules are set forth in Item 15 in this report and are hereby incorporated in this Item 8 by reference.

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## ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

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ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures – As required by Rule 13a-15(b) under the Securities Exchange Act of 1934, as of December 31, 2011, we carried out an evaluation under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. In designing and evaluating our disclosure controls and procedures, we recognize that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and our management necessarily was required to apply its judgment in evaluating and implementing possible controls and procedures. The effectiveness of our disclosure controls and procedures is necessarily limited by the staff and other resources available to us and, although we have designed our disclosure controls and procedures to address the geographic diversity of our operations, this diversity inherently may limit the effectiveness of those controls and procedures. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, as of December 31, 2011, our disclosure controls and procedures were effective, in that they provide reasonable assurance that information required to be disclosed by us in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and include controls and procedures designed to ensure that information we are required to disclose in such reports is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures.

Changes in Internal Control Over Financial Reporting - There was no change in our internal control over financial reporting that occurred during the period covered by this report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. We completed the acquisitions of Fisk, Anderson, Frontier-Kemper, Greenstar, Lunda, and Becho in 2011, and these entities have not yet been fully integrated into our internal control framework.

In connection with Rule 13a-15(b) under the Securities Exchange Act of 1934, we will continue to review and assess the adequacy of our disclosure controls and procedures, including our internal control over financial reporting, and may from time to time make changes aimed at enhancing their effectiveness and to ensure that our systems evolve with our business.

Management's Report On Internal Control Over Financial Reporting - Our management, under the supervision of our Chief Executive Officer and Chief Financial Officer, is responsible for establishing and maintaining an adequate system of internal control over financial reporting as such term is defined in Exchange Act Rules 13a – 15(f). Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with accounting principles generally accepted in the United States of America. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. In making this assessment, management utilized the criteria set forth by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission in Internal Control – Integrated Framework. Based on this assessment, management concluded that, as of December 31, 2011 our internal control over financial reporting is effective based on those criteria.

Deloitte & Touche, LLP, the independent registered public accounting firm that audited our consolidated financial statements included in this Annual Report on Form 10-K, has issued an attestation report on the Company's internal control over financial reporting as of December 31, 2011. The report, which expresses an unqualified opinion on the effectiveness of the Company's internal control over financial reporting as of December 31, 2011, is included below in this Item 9A under the heading "Report of Independent Registered Public Accounting Firm."

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Tutor Perini Corporation
Sylmar, California

We have audited the internal control over financial reporting of Tutor Perini Corporation and subsidiaries (the "Company") as of December 31, 2011, based on the criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. As described in Management's Report on Internal Control Over Financial Reporting, management excluded from its assessment the internal control over financial reporting at Fisk Electric Company, Anderson Companies, Frontier-Kemper Constructors, Inc., GreenStar Services Corporation, Lunda Construction Company and Becho, Inc., which were acquired during 2011 and whose financial statements reflect total assets and revenues constituting 30% and 38% respectively, of the related consolidated financial statement amounts as of and for the year ended December 31, 2011. Accordingly, our audit did not include the internal control over financial reporting of these acquired entities. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America ("generally accepted accounting principles"). A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2011, based on the criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended December 31, 2011 of the Company and our report dated March 2, 2012 expressed an unqualified opinion on those financial statements.

/s/ Deloitte & Touche, LLP

Los Angeles, California

March 2, 2012

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ITEM 9B. OTHER INFORMATION

None.

PART III.

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information relating to our directors is set forth in the sections entitled "Election of Directors" and “Corporate Governance” in the definitive proxy statement in connection with our Annual Meeting of Stockholders to be held on May 23, 2012 (the "Proxy Statement"), which sections are incorporated herein by reference. Information relating to our executive officers is set forth in Part I of this report under the caption “Executive Officers of the Registrant” and is hereby incorporated herein by reference.

We are also required under Item 405 of Regulation S-K to provide information concerning delinquent filers of reports under Section 16 of the Securities and Exchange Act of 1934, as amended. This information will be listed under the caption “Section 16(a) Beneficial Ownership Reporting Compliance” in the Proxy Statement to be filed with the Securities and Exchange Commission no later than 120 days after the end of our fiscal year. This information is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

The information appearing under the captions “Compensation Discussion and Analysis” and “Compensation Committee Report” in the Proxy Statement is hereby incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information appearing under the caption “Ownership of Common Stock By Directors, Executive Officers and Principal Stockholders” in the Proxy Statement is hereby incorporated herein by reference.

The information required by Item 201(d) of Regulation S-K will be set forth under the caption “Compensation Discussion and Analysis” in the Proxy Statement and is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information appearing under the captions “Certain Relationships and Related Party Transactions”, “Director Independence” and “Corporate Governance” in the Proxy Statement is hereby incorporated herein by reference. For a detailed description of related party transactions, see Note 14 of Notes to Consolidated Financial Statements entitled “Related Party Transactions” in Part IV, Item 15 of this report.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information appearing under the caption “Fees Paid to Audit Firm” in the Proxy Statement is hereby incorporated herein by reference.

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PART IV.

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

TUTOR PERINI CORPORATION AND SUBSIDIARIES

(a)1. The following consolidated financial statements and supplementary financial information are filed as part of this report:



(a)2. All consolidated financial statement schedules are omitted because of the absence of the conditions under which they are required or because the required information is included in the Consolidated Financial Statements or in the Notes thereto.

(a)3. Exhibits

The exhibits which are filed with this report or which are incorporated herein by reference are set forth in the Exhibit Index which appears on pages 125 through 128.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Tutor Perini Corporation
(Registrant)

Dated: March 2, 2012

By: /s/Robert Band
Robert Band
President

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Company and in the capacities and on the dates indicated.

| Signature | Title | Date |
|---|---|---|
| · Principal Executive Officer | | |
| Ronald N. Tutor | Chairman and Chief Executive Officer | March 2, 2012 |
| By: /s/Ronald N. Tutor<br>Ronald N. Tutor | | |
| · Principal Financial Officer | | |
| Michael J. Kershaw | Executive Vice President and Chief Financial Officer | March 2, 2012 |
| By: /s/Michael J. Kershaw<br>Michael J. Kershaw | | |
| · Principal Accounting Officer | | |
| Steven M. Meilicke | Vice President and Controller | March 2, 2012 |
| By: /s/Steven M. Meilicke<br>Steven M. Meilicke | | |
| · Directors | | |
| Ronald N. Tutor | ) | |
| Marilyn A. Alexander | ) | |
| Peter Arkley | ) | |
| Robert Band | ) | |
| Willard W. Brittain, Jr | ) /s/Robert Band | |
| Michael R. Klein | ) Robert Band | |
| Robert L. Miller | ) Attorney in Fact | |
| Raymond R. Oneglia | ) | |
| Donald D. Snyder | ) | |
| Dickran M. Tevrizian, Jr. | ) Dated: March 2, 2012 | |

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Tutor Perini Corporation and Subsidiaries
Consolidated Balance Sheets
December 31, 2011 and 2010

(In thousands, except share data)

Assets

| | 2011 | 2010 |
|---|---|---|
| CURRENT ASSETS: | | |
| Cash, including cash equivalents of $19,197 and $127,879 | $204,240 | $471,378 |
| Restricted cash | 35,437 | 23,550 |
| Accounts receivable, including retainage of $358,511 and $271,778 | 1,275,031 | 880,614 |
| Costs and estimated earnings in excess of billings | 358,398 | 139,449 |
| Deferred tax asset | - | 3,737 |
| Other current assets | 76,928 | 42,314 |
| Total current assets | 1,950,034 | 1,561,042 |
| | | |
| LONG-TERM INVESTMENTS | 62,311 | 88,129 |
| | | |
| PROPERTY AND EQUIPMENT, at cost: | | |
| Land | 40,813 | 36,048 |
| Buildings and improvements | 104,792 | 89,281 |
| Construction equipment | 325,735 | 205,038 |
| Other equipment | 124,578 | 112,012 |
| | 595,918 | 442,379 |
| Less – Accumulated depreciation | 104,541 | 79,942 |
| | | |
| Total property and equipment, net | 491,377 | 362,437 |
| | | |
| GOODWILL | 892,602 | 621,920 |
| | | |
| INTANGIBLE ASSETS, NET | 197,999 | 132,551 |
| | | |
| OTHER ASSETS | 18,804 | 13,141 |
| | | |
| | $3,613,127 | $2,779,220 |

The accompanying notes are an integral part of these consolidated financial statements.

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Tutor Perini Corporation and Subsidiaries
Consolidated Balance Sheets (continued)
December 31, 2011 and 2010

(In thousands, except share data)

Liabilities and Stockholders' Equity

| | 2011 | 2010 |
|---|---|---|
| CURRENT LIABILITIES: | | |
| Current maturities of long-term debt | $59,959 | $21,334 |
| Accounts payable, including retainage of $151,907 and $280,867 | 785,725 | 653,542 |
| Billings in excess of costs and estimated earnings | 384,282 | 199,750 |
| Accrued expenses and other current liabilities | 163,268 | 93,488 |
| Total current liabilities | 1,393,234 | 968,114 |
| | | |
| LONG-TERM DEBT, less current maturities included above | 612,548 | 374,350 |
| | | |
| DEFERRED INCOME TAXES | 97,921 | 79,082 |
| | | |
| OTHER LONG-TERM LIABILITIES | 109,597 | 44,680 |
| | | |
| CONTINGENCIES AND COMMITMENTS (Note 9) | | |
| | | |
| STOCKHOLDERS' EQUITY: | | |
| Common stock, $1 par value: | | |
| Authorized – 75,000,000 shares | | |
| Issued and outstanding – 47,329,275 shares and 47,089,593 shares | 47,329 | 47,090 |
| Additional paid-in capital | 993,434 | 985,413 |
| Retained earnings | 402,679 | 316,531 |
| Accumulated other comprehensive loss | (43,615) | (36,040) |
| Total stockholders' equity | 1,399,827 | 1,312,994 |
| | | |
| | $3,613,127 | $2,779,220 |

The accompanying notes are an integral part of these consolidated financial statements.

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Tutor Perini Corporation and Subsidiaries
Consolidated Statements of Operations
For the Years Ended December 31, 2011, 2010 and 2009

(In thousands, except per share data)

| | 2011 | 2010 | 2009 |
|---|---|---|---|
| Revenues | $3,716,317 | $3,199,210 | $5,151,966 |
| Cost of Operations | 3,320,976 | 2,861,362 | 4,763,919 |
| Gross Profit | 395,341 | 337,848 | 388,047 |
| General and Administrative Expenses | 226,965 | 165,536 | 176,504 |
| INCOME FROM CONSTRUCTION OPERATIONS | 168,376 | 172,312 | 211,543 |
| Other Income (Expense), Net | 4,421 | (2,280) | 1,098 |
| Interest Expense | (35,750) | (10,564) | (7,501) |
| Income before Income Taxes | 137,047 | 159,468 | 205,140 |
| Provision for Income Taxes | (50,899) | (55,968) | (68,079) |
| NET INCOME | $86,148 | $103,500 | $137,061 |
| BASIC EARNINGS PER COMMON SHARE | $1.82 | $2.15 | $2.82 |
| DILUTED EARNINGS PER COMMON SHARE | $1.80 | $2.13 | $2.79 |
| WEIGHTED AVERAGE COMMON SHARES OUTSTANDING: | | | |
| BASIC | 47,226 | 48,111 | 48,525 |
| Effect of Dilutive Stock Options and Restricted Stock Units | 664 | 538 | 559 |
| DILUTED | 47,890 | 48,649 | 49,084 |

The accompanying notes are an integral part of these consolidated financial statements.

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Tutor Perini Corporation and Subsidiaries
Consolidated Statements of Stockholders' Equity
For the Years Ended December 31, 2011, 2010 and 2009

(In thousands)

| | Common Stock | Additional Paid-In Capital | Retained Earnings | Accumulated Other Comprehensive (Loss) Income | Total |
|---|---|---|---|---|---|
| Balance - December 31, 2008 | $48,319 | $1,001,392 | $123,060 | $ (34,545) | $1,138,226 |
| Net Income | - | - | 137,061 | - | 137,061 |
| Other comprehensive income: | | | | | |
| Change in pension benefit plans (net of tax expense of $792) | - | - | - | 1,221 | 1,221 |
| Foreign currency translation | - | - | - | 107 | 107 |
| Total comprehensive income | | | | | 138,389 |
| Tax effect of stock-based compensation | - | (824) | - | - | (824) |
| Stock-based compensation expense | - | 12,462 | - | - | 12,462 |
| Issuance of Common Stock, net | 220 | (47) | - | - | 173 |
| Balance - December 31, 2009 | $48,539 | $1,012,983 | $260,121 | $ (33,217) | $1,288,426 |
| Net Income | - | - | 103,500 | - | 103,500 |
| Other comprehensive income: | | | | | |
| Change in pension benefit plans (net of tax benefit of $1,891) | - | - | - | (3,053) | (3,053) |
| Foreign currency translation | - | - | - | 230 | 230 |
| Total comprehensive income | | | | | 100,677 |
| Common Stock purchased under share repurchase program | (2,165) | (37,226) | - | - | (39,391) |
| Common Stock dividend declared ($1.00 per share) | - | - | (47,090) | - | (47,090) |
| Tax effect of stock-based compensation | - | (2,055) | - | - | (2,055) |
| Stock-based compensation expense | - | 12,752 | - | - | 12,752 |
| Issuance of Common Stock, net | 716 | (1,041) | - | - | (325) |
| Balance - December 31, 2010 | $47,090 | $985,413 | $316,531 | $ (36,040) | $1,312,994 |
| Net Income | - | - | 86,148 | - | 86,148 |
| Other comprehensive income: | | | | | |
| Change in pension benefit plans (net of tax benefit of $7,759) | - | - | - | (7,041) | (7,041) |
| Change in fair value of investments | - | - | - | 199 | 199 |
| Foreign currency translation | - | - | - | (733) | (733) |
| Total comprehensive income | | | | | 78,573 |