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 (State of Incorporation)	04-1717070 (IRS Employer Identification No.)
15901 Olden Street, Sylmar, California (Address of principal executive offices)	91342 (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 (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.

TUTOR PERINI CORPORATION
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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	2009
		(in thousands)	
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	2009
		(in thousands)	
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	2009
		(in thousands)	
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.

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.

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;

- 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;