TUTOR PERINI Corp
Form 10-K/A
August 06, 2010
FORM 10-K/A
Amendment No.1
United States Securities and Exchange Commission
Washington, DC 20549

Commission File No. 1-6314

(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, 2009.
[ ] 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

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Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes [ ] 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 [ ] 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 [ ]

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 [ ] No [ ]

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. [ ]

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 [ ]	Accelerated filer [X]	Non-accelerated filer [ ] (Do not check if a smaller reporting company)	Smaller reporting company [ ]

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

The aggregate market value of voting Common Stock held by nonaffiliates of the registrant was $430,236,335 as of June 30, 2009, 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 17, 2010 was 49,023,044.

Documents Incorporated by Reference
Portions of the definitive proxy statement relating to the registrant's annual meeting of stockholders held on June 8, 2010 are incorporated by reference into Part III of this report.

Explanatory Note

We are filing this Amendment No.1 to Annual Report on Form 10-K for the year ended December 31, 2009 ("Amendment"), originally filed with the Securities and Exchange Commission ("SEC") on March 1, 2010, in response to a comment we received from the SEC requesting that we resubmit the certifications of our Chief Executive Officer, who is our principal executive officer, and Chief Financial Officer, who is our principal accounting and financial officer, which contained a typographical error as originally submitted.

This Amendment does not revise, update, or in any way affect any information or disclosure contained in the Form 10-K for the year ended December 31, 2009 other than what is mentioned in the paragraph above and we have not updated the disclosures contained herein to reflect events that occurred at a later date.

As a result of this Amendment, we are also filing as an exhibit to this Amendment a currently-dated consent from our Independent Registered Public Accounting Firm.

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. These forward-looking statements are based on our current expectations and beliefs concerning future developments and their potential effects on us. 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, ongoing sluggishness in the economy and significant deterioration in global economic conditions, which may cause or accelerate a number of other factors listed below; our ability to convert backlog into revenue; our ability to successfully and timely complete construction projects; 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; 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 14 through 23. We undertake no obligation to publicly 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 and its subsidiaries (or "Tutor Perini," "Company," "we," "us," and "our," unless the context indicate otherwise) is a leading construction services 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 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 2009, we performed work on approximately 280 construction projects for over 140 federal, state and local government agencies or authorities and private customers. Our headquarters are in Sylmar, California, and we have forty-two other principal office locations throughout the United States and certain U.S. territories. Our common stock is listed on the New York Stock Exchange under the symbol "TPC".

During 2009, the Company had a number of organizational changes primarily as a result of the merger with Tutor-Saliba that occurred in September 2008. Shortly after the merger was completed the Company began a process of integrating the Tutor-Saliba businesses and implemented a cost saving initiative to reduce Company-wide general and administrative expenses. In March 2009 the Company announced the appointment of Group CEO's who lead their respective business segments. Organizationally, the Group CEO's report to our Chairman and CEO, who is designated as the Company's chief operating decision maker. In our May 2009 annual meeting, shareholders approved the name change from Perini Corporation to Tutor Perini Corporation. On June 1, 2009, following the name change announcement, the Company began trading under a new NYSE ticker symbol: TPC. In October 2009, the Company announced the relocation of its corporate headquarters from Framingham, Massachusetts to Sylmar, California.

Our business is conducted through three basic segments: civil, building, and management services. Our civil segment is comprised of Tutor Perini Civil Construction, Tutor-Saliba Corporation (“Tutor-Saliba”), and Cherry Hill Construction, Inc. (“Cherry Hill”) and focuses on public works construction, including the new construction, repair, replacement and reconstruction of the public infrastructure such as highways, bridges, mass transit systems and wastewater treatment facilities. Our building segment, comprised of Perini Building Company, James A. Cummings, Inc. (“Cummings”), Rudolph and Sletten, Inc. (“Rudolph and Sletten”), Keating Building Company (“Keating”), Desert Plumbing & Heating Company, Inc., and Powerco Electric Corporation, focuses on large, complex projects in the hospitality and gaming, transportation, healthcare, municipal offices, sports and entertainment, education, correctional facilities, biotech, pharmaceutical, industrial, and high-tech markets, and electrical and mechanical, plumbing and HVAC services as a subcontractor to the Company and other general contractors. Our management services segment, including Perini Management Services, Inc. (“PMSI”), and Black Construction’s operation in Guam, 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.

Business Segment Overview

Civil Segment

Our civil segment specializes in public works construction and the repair, replacement and reconstruction of infrastructure, primarily in the western, northeastern and mid-Atlantic 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 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 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.

We believe the civil segment provides significant opportunities for growth. The multi-billion dollar economic stimulus package, approved by the U.S. government in 2009, includes significant funding for civil construction, public healthcare and public education projects over the next several years. 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 rehabilitation of the Tappan Zee Bridge in Westchester County, New York; the John F. Kennedy International Airport runway widening in Queens, New York; portions of the Port Authority of New York and New Jersey Greenwich Street corridor project in New York, New York; the I-5 Bridge replacement in Shasta County, California; the Caldecott Tunnel Project near Oakland, California; the Route 9 Bridge replacement in Peekskill, New York; the Harold Structures mass transit project in Queens, New York; and the construction of express toll lanes along I-95 in Maryland. We have completed work on multiple portions of the Boston Central Artery/Tunnel project; New Jersey Light Rail Transit; the Richmond/San Rafael Bridge retrofit in California; the Alameda Corridor project in California; rehabilitations of the Triborough, Williamsburg and Whitestone Bridges in New York and the Passaic River Bridge in New Jersey; the Jamaica Station Transportation Center in New York; and sections of both the Brooklyn-Queens Expressway and the Long Island Expressway.

In January 2005, we acquired Cherry Hill to expand our presence in the mid-Atlantic and southeastern regions of the United States. Cherry Hill specializes in excavation, foundations, paving and construction of civil infrastructure. 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.

Building Segment

Our building segment has significant experience providing services to a number of specialized building markets, including the hospitality and gaming, transportation, healthcare, municipal offices, sports and entertainment, education, correctional facilities, biotech, pharmaceutical, industrial and high-tech markets, electrical and mechanical, plumbing and HVAC services to both governments and private non-residential customers. 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 2009 rankings based on revenue, ENR ranked us as the largest builder in the hotel, motel and convention center market, the nation’s 2rd largest contractor in the United States general building market, the 2nd largest green building contractor in the United States, the 10th largest builder in the healthcare market, and one of the top 25 largest builders in the commercial offices and entertainment markets. We are also 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.

As a result of our reputation and track record, we have been awarded and have recently completed or are currently working on contracts for several marquee projects in the hospitality and gaming market in Las Vegas, including Project CityCenter for MGM MIRAGE, The Cosmopolitan Resort and Casino, the Wynn Encore Hotel and the Planet Hollywood Tower. Revenues for Project CityCenter and other projects in Las Vegas, Nevada for MGM MIRAGE were 38% of total 2009 revenues. We have also completed work on several other marquee projects in the hospitality and gaming market, including Paris Las Vegas; Mohegan Sun and the MGM Grand at Foxwoods resort expansion, both in Connecticut; the Morongo Casino Resort and Spa and the Pechanga Resort and Casino, both in California; the Seminole Hard Rock Hotels and Casinos in Florida; the Red Rock Casino Resort Spa, the Augustus Tower at Caesars Palace, the Trump International Hotel and Tower, all in Las Vegas; and the Gaylord National Resort and Convention Center in the Washington, DC area.

In other end markets, we have been awarded and have recently completed or are currently working on large public works building projects including McCarran International Airport Terminal 3 in Las Vegas, NV, Philadelphia Convention Center in Philadelphia, PA, San Bernardino Courthouse in San Bernardino, CA, and the Los Angeles Police Headquarters in Los Angeles, CA. We have also constructed large, complex projects such as the Airport Parking Garage and Rental Car Facility in Ft. Lauderdale, FL; the Palm Beach International Airport Parking Garage in West Palm Beach, FL; the San Francisco International Airport reconstruction; the Florida International University Health and Life Sciences Building in Miami, FL; the Glendale Arena in Glendale, AZ; the Stanford University Cancer Center in Stanford, CA; the Johnson & Johnson Pharmaceutical R&D Expansion in La Jolla, CA; and the Kaiser Hospital and Medical Office Building in Santa Clara, CA.

In January 2003, the acquisition of Cummings expanded our presence in the southeastern region of the United States. Cummings specializes in the construction of schools, municipal buildings and commercial developments. In October 2005, we acquired Rudolph and Sletten, an established building contractor and construction management company based in Redwood City, California, to expand our presence on the west coast of the United States. Rudolph and Sletten specializes in the construction of corporate campuses and healthcare, gaming, biotech, pharmaceutical, industrial, and high-tech projects. In September 2008, we merged with Tutor-Saliba to further expand our presence in the western United States. 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, 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.

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. In addition, we believe we have consistently demonstrated superior performance on competitively bid or negotiated multi-year, multi-trade, task order and ID/IQ (Indefinite Delivery/Indefinite Quantity) construction programs. We have been chosen by the federal government for significant projects related to defense and reconstruction projects in Iraq and Afghanistan. For example, we have recently completed or are currently working on several overhead coverage protection projects throughout Iraq. 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 the level of government expenditures for defense and homeland security has increased in response to the global threat of terrorism. For example, we have completed all work on a multi-year contract with the U.S. Department of State, Office of Overseas Buildings Operations, to perform design-build security upgrades at 27 U.S. embassies and consulates throughout the world. In addition, our proven abilities with federal government projects have enabled us to win contracts from private defense contractors who are executing projects for the federal government. For example, we have completed design and construction contracts with Raytheon Integrated Defense Systems for upgrades to radar facilities at Beale Air Force Base in California, the Cobra Dane Facility on Shemya Island, Alaska, and at a Royal Air Force facility in Fylingdales, England, to meet the requirements of a new early radar warning system. Black Construction, one of our subsidiaries and the largest contractor on the island of Guam, is expected to generate a significant portion of its future revenues from the construction of facilities during the expansion of the United States military's presence in Guam. The United States military has announced plans to relocate approximately 8,000 marines and other military personnel from Okinawa, Japan to Guam.

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. Revenues by business segment for each of the three years in the period ended December 31, 2009 are set forth below:

	Revenues by Segment Year Ended December 31,		
	2009	2008	2007
		(in thousands)	
Building	$ 4,484,937	$ 5,146,563	$ 4,248,814
Civil	361,677	310,722	234,778
Management Services	305,352	203,001	144,766
Total	$ 5,151,966	$ 5,660,286	$ 4,628,358

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Revenues by end market for the building segment for each of the three years in the period ended December 31, 2009 are set forth below:

	Building Segment Revenues by End Market		
	2009	2008	2007
		(in thousands)	
Hospitality and Gaming	$ 2,672,799	$ 3,714,822	$ 2,830,506
Transportation Facilities	419,318	51,175	33,109
Healthcare Facilities	409,216	619,959	574,175
Municipal & Government	273,455	33,688	-
Education Facilities	218,943	215,472	291,491
Condominiums	140,813	97,580	57,667
Office Buildings	127,758	298,914	250,949
Industrial Buildings	76,917	55,251	138,670
Sports and Entertainment	41,744	26,136	5,671
Other	103,974	33,566	66,576
Total	$ 4,484,937	$ 5,146,563	$ 4,248,814

Revenues by end market for the civil segment for each of the three years in the period ended December 31, 2009 are set forth below:

	Civil Segment Revenues by End Market		
	2009	2008	2007
		(in thousands)	
Bridges	$ 103,354	$ 110,201	$ 67,687
Mass Transit	93,053	30,812	6,171
Highways	77,952	103,968	116,129
Wastewater Treatment and Other	87,308	57,263	29,983
Sitework	10	8,478	14,808
Total	$ 361,677	$ 310,722	$ 234,778

Revenues by end market for the management services segment for each of the three years in the period ended December 31, 2009 are set forth below:

	Management Services Segment Revenues by End Market		
	2009	2008	2007
		(in thousands)	
U.S. Government Services	$ 276,833	$ 183,757	$ 131,369
Surety and Other	28,519	19,244	13,397
Total	$ 305,352	$ 203,001	$ 144,766

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, 2009 is set forth below:

Revenues by Client Source Year Ended December 31,		
2009	2008	2007

Private Owners	70%	85%	86%
State and Local Governments	23%	12%	11%
Federal Governmental Agencies	7%	3%	3%
	100%	100%	100%

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Private Owners. We derived approximately 70% of our revenues from private customers during 2009. 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 23% of our revenues from state and local government customers during 2009. 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 civil contracting services are concentrated in the northeastern, mid-Atlantic and western United States. Our building construction services for state and local government customers, which have included schools and dormitories, healthcare facilities, convention centers, parking structures and municipal buildings, are in locations throughout the country.

Federal Governmental Agencies. We derived approximately 7% of our revenues from federal governmental agencies during 2009. 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 and the relocation of approximately 8,000 marines and other military personnel from Okinawa, Japan to the island of Guam.

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 adverse effect on us.

As of December 31, 2009, we had a construction backlog of $4.3 billion, compared to $6.7 billion at December 31, 2008. Backlog is summarized below by business segment as of December 31, 2009 and 2008:

	Backlog by Business Segment					
	December 31, 2009			December 31, 2008		
	(dollars in thousands)					
Building	$	3,125,780	73%	$	5,731,992	86%
Civil		1,001,507	23%		528,005	8%
Management Services		182,904	4%		415,906	6%
Total	$	4,310,191	100%	$	6,675,903	100%

We estimate that approximately $1.3 billion, or 31% of our backlog at December 31, 2009 will not be completed in 2010.

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Backlog by end market for the building segment as of December 31, 2009 and 2008 is set forth below:

	Building Segment Backlog by End Market						
	December 31, 2009			December 31, 2008			
	(dollars in thousands)						
Hospitality and Gaming	$	783,794	25%	$	2,788,336	49	%
Transportation Facilities		737,084	24%		1,149,823	20	%
Healthcare Facilities		713,296	23%		1,057,319	18	%
Municipal & Government		460,765	15%		29,496		<1%
Industrial Buildings		255,859	8%		136,580	3	%
Education Facilities		105,650	3%		249,251	4	%
Condominiums		9,475	<1%		113,232	2	%
Sports and Entertainment		8,641	<1%		51,150	1	%
Office Buildings		7,114	<1%		106,942	2	%
Other		44,102	1%		49,863	1	%
Total	$	3,125,780	100	$	5,731,992	100	%

Backlog by end market for the civil segment as of December 31, 2009 and 2008 is set forth below:

	Civil Segment Backlog by End Market					
	December 31, 2009			December 31, 2008		
	(dollars in thousands)					
Mass Transit	$	457,786	46%	$	123,821	23%
Highways		319,514	32%		138,496	26%
Bridges		181,863	18%		149,596	28%
Wastewater Treatment and Other		42,131	4%		115,842	22%
Sitework		213	<1%		250	<1%
Total	$	1,001,507	100%	$	528,005	100%

Backlog by end market for the management services segment as of December 31, 2009 and 2008 is set forth below:

	Management Services Segment Backlog by End Market					
	December 31, 2009			December 31, 2008		
	(dollars in thousands)					
U.S. Government Services	$	147,192	80%	$	385,450	93%
Surety and Other		35,712	20%		30,456	7%
Total	$	182,904	100%	$	415,906	100%

Competition

The construction industry is highly competitive and the markets in which we compete include numerous competitors. 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, and Turner. In our civil segment, we compete principally with large civil construction firms that operate in the west, northeast and mid-Atlantic regions, including

Skanska, Granite, Tully, Schiavone, Traylor Brothers, American Infrastructure, GAC Wagman and Kiewit. In our management services segment, we compete principally with national engineering and construction firms such as Fluor, Washington Division of URS, Kellogg Brown & Root, 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 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 and 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 and building 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 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.

Historically, a high percentage of our contracts have been of the GMP and fixed price type. As a result of increasing opportunities in public work civil and building markets combined with the increased resume and expertise as a result of the merger with Tutor-Saliba, the fixed price type of contract is expected to grow as a percentage of 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, 2009 follows:

	Revenues for the Year Ended December 31,		
	2009	2008	2007
Cost Plus, GMP or CM	72%	89%	90%
FP	28%	11%	10%
	100%	100%	100%

	Backlog as of December 31,		
	2009	2008	2007
Cost Plus, GMP or CM	53%	78%	92%
FP	47%	22%	8%
	100%	100%	100%

The Contract Process

We identify potential projects from a variety of sources, including 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 such factors 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 with 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 reviewed, approved and paid in accordance with the normal change order provisions of the contract.

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 balance sheet. 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 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; 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. Perini Environmental Services, Inc., or Perini Environmental, a wholly owned subsidiary of Tutor Perini that was phased out during 1997, provided hazardous waste engineering and construction services to both private clients and public agencies nationwide. Perini Environmental was responsible for compliance with applicable laws in connection with its activities. We believe that we have minimal exposure to environmental liability because Tutor Perini and Perini Environmental generally carry insurance or received indemnification from customers to cover the risks associated with the remediation business.

We own real estate in seven states and in Guam 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 such insurance is adequate. 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. Since 2005, 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.

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 2009 was 5,449.

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, 2009, approximately 2,000 of our total of 4,072 employees were union employees. During the past several years, we have not experienced any significant work stoppages caused by our union employees.

Available Information

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

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ITEM 1A. RISK FACTORS

We are subject to a number of risks, including those summarized below. Such risks could have a material adverse 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, 2009, our backlog of uncompleted construction work was approximately $4.3 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 would 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 adverse 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, 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. Our backlog has decreased in 2009 as 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, New York and Nevada. As a result, we are more susceptible to fluctuations caused by adverse economic or other conditions in these regions as opposed to others.

Economic downturns could reduce the level of consumer spending within the non-residential building industry, which could adversely affect demand for our services.

Consumer spending in certain private non-residential building type projects, especially hospitality and gaming, 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 market could deter new projects within the industry and the expansion or renovation of existing facilities, which could negatively impact our revenues and earnings.

A decrease in government funding of infrastructure and other public projects could reduce the revenues of the company.

Approximately 23% (or $1.0 billion) of our backlog as of December 31, 2009, is derived from construction projects involving civil construction contracts. 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 construction 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 such as Terminal 3 at McCarran International Airport in Las Vegas, public healthcare facilities, primarily in California, and public education facilities, primarily in Florida and California. 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 California and Florida, 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.

A decrease in U.S. government funding or change in government plans, particularly with respect to construction projects in Iraq, Afghanistan and Guam, as well as the risks associated with undertaking projects in these countries, could adversely affect the continuation of existing projects or the number of projects available to us in the future.

We have performed design-build security upgrades at United States embassies and consulates throughout the world, and we are currently engaged in building activities in Iraq. 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.

Our projects in Iraq and Afghanistan and other areas of political and economic instability carry with them specific security and operational risks. Intentional or unintentional acts in those countries could result in damage to our construction sites or harm to our employees and could result in our decision to withdraw our operations from the area. Also, as a result of these acts, the United States federal government could decide to cancel or suspend our operations in these areas.

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 6% (or $298.5 million) of our revenues and approximately $50.4 million of income from construction operations for the year ended December 31, 2009 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 contribute 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, including 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.

Any of these factors could harm our international operations and, consequently, our business and consolidated operating results. Specifically, 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 adverse effect on us.

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.

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.

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 adverse effect on our working capital, results of operations and cash flows. 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.

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. We derive a significant portion of our civil construction segment 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. A significant number of our contracts are based in part on cost estimates that are subject to a number of assumptions. 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, a reduction or an elimination of previously reported contract profit, we recognize a credit or a charge against current earnings, which could be material.

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 and the industrial security regulations of the U.S. Department of Defense and related laws include provisions that allow our U.S. government customers to terminate or not renew our contracts if we come under foreign ownership, control or influence and 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 contract with us at their convenience and some government contracts must be renewed annually. 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 and investigate U.S. government contracts and U.S. government contractors' administrative 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 our compliance with regulations and policies and the adequacy of our internal control systems and policies, including our purchasing, property, estimating, compensation and management information systems. Any costs found to be improperly allocated to a specific contract will not be reimbursed, and any such costs already reimbursed must be refunded. 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.

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, 2009, these plans were underfunded by approximately $22.9 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 plan's actuaries. During 2009, we voluntarily contributed $6.9 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 other

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factors, such as shorter project schedules or prior experience with the customer, influence the award of the contract. 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 and specialty subcontractor resources to execute and perform on our contracts in backlog.

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, project management and senior management professionals. 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 an adverse 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 an adverse 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.

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. Since 2001, 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.

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. The terms 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.

Our reputation may be harmed and our future earnings may be negatively impacted if we are unable to retain key members of our management.

Our business substantially depends on the continued service of key members of our management, particularly Ronald N. Tutor, Robert Band, Mark A. Caspers, James (“Jack”) Frost, Craig W. Shaw, Richard J. Rizzo, Claude K. Olsen, Martin B. Sisemore, William R. Derrer, Daniel Keating, and Kenneth R. Burk, who, collectively, have an average of more than 30 years in the construction industry. Losing the services of any of these individuals could adversely affect our business until a suitable replacement can be found. We believe that they could not quickly be replaced with executives of equal experience and capabilities. Generally these executives are not bound by employment agreements with us and we do not maintain key person life insurance policies on any of these executives.

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, 2009, two trusts controlled by Mr. Tutor owned approximately 43% 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. If Mr. Tutor fully exercises his right to appoint two directors, he and his two designees would be 3 of 11 directors, as the size of the Board would increase by one member. Although the Shareholders Agreement imposes significant limits on Mr. Tutor's right to vote the shares of our common stock held by Mr. Tutor, two trusts controlled by him and any other affiliates of Mr. Tutor or the trusts (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. Future agreements reached in collective bargaining could increase our operating costs and reduce our profits as a result of increased wages and benefits. 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 are subject to restrictive covenants under our credit facility that could limit our flexibility in managing the business.

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

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

In addition, our credit facility prohibits us from incurring debt from other sources without the consent of our lenders.

Our credit facility contains financial covenants that require us to maintain minimum net worth, fixed charge coverage and asset coverage levels as well as a maximum leverage ratio. Our ability to borrow funds for any purpose is dependent upon satisfying these tests.

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

Funds associated with auction rate securities that we have traditionally held as short-term investments may not be liquid or readily available.

As discussed in Note 3 of Notes to Consolidated Financial Statements entitled “Fair Value Measurements” included in this report, our investment securities consist of auction rate securities which are not currently liquid or readily available to convert to cash. If the global credit crisis persists or intensifies, it is possible that we will be required to further adjust the fair value of our auction rate securities. If we determine that the decline in the fair value of our auction rate securities is other-than-temporary, it would result in additional impairment charges being recognized in our Consolidated Statement of Operations, which could be material and which could adversely affect our financial results. In addition, the lack of liquidity associated with these investments may require us to access our credit facility until some or all of our auction rate securities are liquidated.

We could face risks associated with environmental laws.

We are subject to federal, state and local environmental laws and regulations, governing activities and operations that may have environmental or health and safety effects, such as the discharge of pollutants into the environment, the handling, storage and disposal of solid or hazardous materials or wastes and the investigation and remediation of contamination. We may be responsible for the investigation and remediation of environmental conditions at currently and formerly owned, leased, operated or used sites. We may be subject to associated liabilities, including liabilities for natural resource damage, third party property damage or personal injury resulting from lawsuits brought by the government or private litigants, relating to our operations, the operations of our facilities, or the land on which our facilities are located. We may be subject to these liabilities regardless of whether we lease or own the facility, and regardless of whether such environmental conditions were created by us or by a prior owner or tenant, or by a third party or a neighboring facility whose operations may have affected such facility or land. This is because liability for contamination under certain environmental laws can be imposed on the current or past owners or operators of a site without regard to fault. Moreover, in the course of our operations, hazardous wastes may be generated at third party owned or operated sites, and hazardous wastes may be disposed of or treated at third party owned or operated disposal sites. If those sites become contaminated, we could also be held responsible for the cost of investigating and remediating those sites, for any associated natural resource damage, and for civil or criminal fines or penalties.

We intend to continue to pursue acquisition opportunities, which may be difficult to integrate into our business.

We intend to continue to pursue acquisitions as part of our growth strategy. The process of managing and integrating new 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. To the extent that we misjudge our ability to integrate and properly manage acquisitions, we may 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;
- 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 addition to the integration challenges mentioned above, acquisitions of non-U.S. companies offer distinct integration challenges relating to non-U.S. GAAP financial reporting, foreign laws and governmental regulations, including tax and employee benefit laws, and other factors relating to operating in countries other than the United States, which are discussed above in the discussion regarding the difficulties we may face operating outside of the United States.

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 purchase method of accounting. Under the purchase method of accounting, 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 tests if events occur or circumstances change which suggest that the goodwill or intangible assets should be evaluated. At December 31, 2009, the carrying value of the goodwill and other indefinite-lived intangible assets recorded in mergers and acquisitions totaled $736.8 million and represents 26% of our total assets of $2.8 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.

If Black Construction's opportunity to win significant business from the expansion of the United States military's operations on the island of Guam does not develop as anticipated, our growth prospects, revenues and earnings could be adversely affected.

A significant portion of the future revenues and growth prospects of Black Construction, one of our subsidiaries, over the next several years is expected to involve the construction of facilities for the expansion of the United States military's base on the island of Guam. This construction is dependent upon the continued implementation of the United States military's announced plan to relocate 8,000 Marines and other military personnel from Okinawa, Japan to the island of Guam by 2014. The continued implementation of the United States military's plan, and the amount of work that Black Construction wins and performs in connection with the expansion of the United States military's base on the island of Guam, depends upon a number of factors, including:

- competition from other construction companies operating on the island of Guam;
- the political environment in the United States and Japan;
- the financial and other terms agreed upon between the United States and Japan with respect to the relocation;
- the United States military's and the Japanese government's availability of funds for the continued funding of the expansion and relocation in light of funding demands for other national priorities and commitments;
- political, military and terrorist activities that affect the United States foreign policy;
- the ability of the Company to invest sufficiently, and on favorable terms, in expanding Black Construction's capabilities on the island of Guam, including hiring and relocating necessary personnel, acquiring land (including warehousing and barracks) and acquiring and relocating equipment; and
- economic, political and other risks relating to business outside of the United States (despite the fact that the island of Guam is a United States territory).

Any of these factors could result in a delay or cancellation of some or all of the anticipated work on the island of Guam, which would have an adverse effect on our growth prospects, future revenues and future earnings of the combined company.

The public resale by former Tutor-Saliba shareholders of our common stock received in the Tutor-Saliba merger could have a negative effect on the trading price of our common stock.

In the Tutor-Saliba merger, we issued a total of approximately 22.1 million shares of our common stock to two trusts controlled by Mr. Tutor and approximately 900,000 shares to the other shareholders of Tutor-Saliba. On September 10, 2009, the Company registered 8.6 million shares pursuant to the Securities Act of 1933. Included in that registration statement were 7.7 million shares held by Ronald N. Tutor, Ronald N. Tutor Separate Property Trust, Ronald N. Tutor 2006 QuickGRAT and any affiliate of the foregoing (collectively the "Tutor Group"). The registered shares remain subject to certain contractual restrictions under the terms of the Shareholders Agreement. Under those restrictions, prior to March 8, 2009, none of those shares were permitted to be resold (except with the consent of the Company's board of directors or in a registered offering). After March 8, 2009, the trusts were and are currently permitted to sell, in the aggregate, a maximum of approximately 6.6 million shares of our common stock through the fifth anniversary of the completion of the merger (September 8, 2013) (unless the Company's board of directors allows otherwise). Due to these restrictions, the Tutor Group may only sell up to 6.6 million of those 7.7 million shares prior to September 8, 2013 (unless the Company's board of directors allows otherwise). Mr. Tutor's trusts sold 1,000,000 shares since the shares were registered for resale on September 10, 2009.

We will have continuing contractual obligations with Mr. Tutor, which may create conflicts of interest or may not be practical to enforce on our behalf.

The Company and the former Tutor-Saliba shareholders, including Mr. Tutor, continue to have obligations following completion of the Tutor-Saliba merger. These obligations include indemnification obligations, which may entitle the Company to seek recovery from the former Tutor-Saliba shareholders for losses related to pre-merger actions or omissions of Tutor-Saliba. In addition, the Employment Agreement, the Shareholders Agreement and the notes issued by Tutor-Saliba also include obligations that are in effect, including the restrictions on competitive activities, several of which may be impacted by the operating performance of the Company or Tutor-Saliba or the activities of Mr. Tutor.

In light of the important role Mr. Tutor serves for the Company, it may be more difficult, impractical or inadvisable for the Company to enforce or assert defenses with respect to these contractual obligations against Mr. Tutor than against an unaffiliated third party, which may create a conflict of interest for the Company or Mr. Tutor. Other former Tutor-Saliba shareholders have continuing roles with the Company, and a similar conflict of interest may arise, although their interests in the Company will be significantly less than Mr. Tutor's. If we determine that these contractual obligations should not be enforced even if there is a valid claim for enforcement or a valid defense to the enforcement of these obligations, we may not get the entire benefit for which it negotiated in these agreements, including recovery for certain losses related to Tutor-Saliba for which it otherwise would be entitled to indemnification.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Properties used in our construction operations are summarized below. We believe our properties are well maintained, in good condition, adequate and suitable for our purposes.

Principal Offices	Business Segment(s)	Owned or Leased by Tutor Perini	Approximate Acres	Approximate Square Feet of Office Space
Framingham, MA	Management Services	Owned	9	103,500
Hendersen, NV	Building	Owned	3	62,200
Jessup, MD	Civil	Owned	9	46,000
Sylmar, CA	Building, Civil and Management Services	Leased	-	45,700
Redwood City, CA	Building	Leased	-	44,900
Philadelphia, PA	Building	Leased	-	35,800
Phoenix, AZ	Building	Leased	-	28,400
Barrigada, Guam	Management Services	Owned	4	27,000
Las Vegas, NV	Building	Leased	-	25,000
Sylmar, CA	Building	Owned	1	24,200
Irvine, CA	Building	Owned	2	24,000
Las Vegas, NV	Building	Leased	-	22,800
Folcroft, PA	Building	Leased	-	21,600
Peekskill, NY	Civil	Owned	5	21,000
Ft. Lauderdale, FL	Building	Leased	-	17,500
Las Vegas, NV	Building	Leased	-	13,500
Roseville, CA	Building	Leased	-	13,100
San Diego, CA	Building	Leased	-	13,000
Las Vegas, NV	Building	Leased	-	12,500
Las Vegas, NV	Building	Leased	-	8,900
Las Vegas, NV	Building	Leased	-	6,500
Las Vegas, NV	Building	Leased	-	5,400
Orlando, FL	Building	Leased	-	4,700
Sylmar, CA	Building	Owned	1	4,500
Arlington, VA	Building	Leased	-	2,900
Metro Manila, Philippines	Management Services	Leased	-	2,500
Agana Heights, Guam	Management Services	Owned	-	800
			34	637,900

Principal Permanent Storage Yards			
Fontana, CA	Building and Civil	Leased	33
Barrigada, Guam	Management Services	Owned	13
Stockton, CA	Building	Owned	7
Elkridge, MD	Civil	Owned	7
Jessup, MD	Civil	Owned	7
Henderson, NV	Building	Leased	4

Jessup, MD	Civil	Owned	3
Las Vegas, NV	Building	Leased	2
Las Vegas, NV	Building	Leased	1
Las Vegas, NV	Building	Leased	1
Framingham, MA	Building and Civil	Owned	1
Las Vegas, NV	Building	Leased	-
Pasig, Philippines	Management Services	Leased	-
Pasig, Philippines	Management Services	Leased	-
Pasig, Philippines	Management Services	Leased	-
			79

ITEM 3. LEGAL PROCEEDINGS

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

ITEM 4. (REMOVED AND RESERVED)

EXECUTIVE OFFICERS OF THE REGISTRANT

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

Name, Offices Held and Age	Year First Elected to Present Office and Business Experience
Ronald N. Tutor, Director, Chairman and Chief Executive Officer – 69	He has served as a Director since January 1997 and has served as our Chief Executive Officer since March 2000. He has also served as our Chairman since July 1999, Vice Chairman from January 1998 to July 1999, and Chief Operating Officer from January 1997 until March 2000 when he became Chief Executive Officer. Prior to our merger with Tutor-Saliba Corporation in September 2008, Mr. Tutor served as Chairman, President and Chief Executive Officer of Tutor-Saliba Corporation since prior to 1995 and actively managed that company since 1966.
Robert Band, Director and President of Tutor Perini and Chief Executive Officer, Management Services Group – 62	He was appointed Chief Executive Officer of Management Services Group in March 2009. He has served as a Director since May 1999. He has also served as our President since May 1999 and as Chief Operating Officer from March 2000 to March 2009. Previously, he served as Chief Executive Officer from May 1999 until March 2000, Executive Vice President and Chief Financial Officer from December 1997 until May 1999, and President of Perini Management Services, Inc. since January 1996. Previously, he served in various operational and financial capacities since 1973, including Treasurer from May 1988 to January 1990.
James ("Jack") Frost, Executive Vice President and Chief Executive Officer, Civil Group – 56	He was appointed to his current position in March 2009. Previously he was Executive Vice President and Chief Operating Officer of Tutor-Saliba. He joined Tutor-Saliba in 1988.
Mark Caspers, Executive Vice President and Chief Executive Officer, Building Group – 48	He was appointed to his current position in March 2009. Previously he was President and Chief Operating Officer of Perini Building Company, where he's worked since 1982.
Kenneth R. Burk, Executive Vice President and Chief Financial Officer – 50	He was appointed to his current position in March 2009. Previously he served as Senior Vice President and Chief Financial Officer from September 2007 to March 2009. From February 2001 until July 2007, he served as President and Chief Executive Officer of Union Switch and Signal, Inc., a provider of technology services, control systems and specialty rail components for the rail transportation industry. From 1999 until 2000, he served as Executive Vice President and Chief Operating Officer of Railworks Corporation, a provider of services and supplies to the rail transportation industry. From 1994 to 1999, he

	served as Senior Vice President and Chief Financial Officer of Dick Corporation, a Pittsburgh, Pennsylvania-based engineering and construction firm.
William Sparks, Executive Vice President, Treasurer and Corporate Secretary – 61	He was appointed to his current position in March 2009. He joined Tutor-Saliba in 1995 as Senior Vice President and Chief Financial Officer.

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

PART II.

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market Information

Our common stock is traded on the New York Stock Exchange under the symbol "TPC". In 2009, we changed our name to Tutor Perini Corporation from Perini Corporation and accordingly changed our symbol from “PCR” to “TPC”. The quarterly market high and low sales prices for our common stock in 2009 and 2008 are summarized below:

	2009			2008		
	High		Low	High		Low
Market Price Range per Common Share:						
Quarter Ended						
March 31	$ 26.60	-	$ 10.21	$ 42.24	-	$ 25.08
June 30	23.77	-	11.73	44.80	-	32.08
September 30	21.98	-	13.83	32.85	-	21.42
December 31	22.35	-	16.26	26.20	-	11.50

Dividends

We have not paid any cash dividends on our common stock since 1990. For the foreseeable future, we intend to retain any earnings in our business and we do not anticipate paying any cash dividends. Whether or not to declare any dividends will be at the discretion of our Board of Directors, considering then existing conditions, including our financial condition and results of operations, capital requirements, bonding prospects, contractual restrictions, acquisition prospects, business prospects and other factors that our Board of Directors considers relevant.

Holders

At February 17, 2010, there were 769 holders of record of our common stock, including holders of record on behalf of an indeterminate number of beneficial owners, based on the stockholders list maintained by our transfer agent.

Performance Graph

The following graph compares the cumulative 5-year total return to shareholders on the Company’s common stock relative to the cumulative total returns of the New York Stock Exchange Market Value Index (“NYSE”), the Dow Jones Heavy Construction Index (“DJ Heavy Construction”) and a Construction Peer Group. We selected the DJ Heavy Construction because we believe the index reflects the market conditions within the industry we primarily operate. The thirteen companies included in the Construction Peer Group were selected by the appropriate construction-related Standard Industrial Classification Codes (or SIC Codes). The comparison of total return on investment, defined as the change in year-end stock price plus reinvested dividends, for each of the periods assumes that $100 was invested on January 1, 2004, in each of our common stock, the NYSE and the Construction Peer Group, with investment weighted on the basis of market capitalization.

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

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COMPARISON OF 5-YEAR CUMULATIVE TOTAL RETURN
AMONG TUTOR PERINI CORPORATION,
NYSE MARKET VALUE INDEX, DJ HEAVY CONSTRUCTION INDEX AND SELECTED CONSTRUCTION PEER GROUP

	Fiscal Year Ending December 31,					
	2004	2005	2006	2007	2008	2009
Tutor Perini Corporation	100.00	144.70	184.42	248.17	140.08	108.33
NYSE	100.00	109.36	131.75	143.43	87.12	111.76
DJ Heavy Construction	100.00	144.50	180.25	342.40	153.66	175.65
Construction Peer Group	100.00	158.01	219.95	465.42	178.81	225.75

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

ITEM 6. SELECTED FINANCIAL DATA

Selected Consolidated Financial Information

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

	Year Ended December 31,				
	2009 (1)	2008 (2)	2007	2006	2005 (3)
	(In thousands, except per share data)				
OPERATING SUMMARY					
Revenues:					
Building	$4,484,937	$5,146,563	$4,248,814	$2,515,051	$1,181,103
Civil	361,677	310,722	234,778	281,137	275,584
Management Services	305,352	203,001	144,766	246,651	276,790
Total	5,151,966	5,660,286	4,628,358	3,042,839	1,733,477
Cost of Operations	4,763,919	5,327,056	4,379,464	2,873,444	1,663,773
Gross Profit	388,047	333,230	248,894	169,395	69,704
G&A Expense	176,504	133,998	107,913	98,516	61,751
Goodwill and Intangible Asset Impairment (4)	-	224,478	-	-	-
Income (Loss) From Construction Operations	211,543	(25,246)	140,981	70,879	7,953
Other Income (Expense), Net	1,098	9,559	15,361	2,581	971
Interest Expense	(7,501)	(4,163)	(1,947)	(3,771)	(2,003)
Income (Loss) Before Income Taxes	205,140	(19,850)	154,395	69,689	6,921
Provision for Income Taxes	(68,079)	(55,290)	(57,281)	(28,153)	(2,872)
Net Income (Loss)	$137,061	$(75,140)	$97,114	$41,536	$4,049 (6)
Income (Loss) Available for Common Stockholders (5)	$137,061	$(75,140)	$97,114	$41,117	$5,330
Per Share of Common Stock:					
Basic Earnings (Loss)	$2.82	$(2.19)	$3.62	$1.56	$0.21
Diluted Earnings (Loss)	$2.79	$(2.19)	$3.54	$1.54	$0.20
Cash Dividend Declared	$-	$-	$-	$-	$-
Book Value	$26.54	$23.56	$13.65	$9.18	$6.86
Weighted Average Common Shares Outstanding:					
Basic	48,525	34,272	26,819	26,308	25,518
Diluted	49,084	34,272	27,419	26,758	26,150

	Year Ended December 31,				
	2009 (1)	2008 (2)	2007	2006	2005 (3)
	(In thousands, except ratios)				
FINANCIAL POSITION SUMMARY					
Working Capital	$303,118	$225,049	$293,521	$193,952	$153,335
Current Ratio	1.23x	1.13x	1.24x	1.22x	1.23x
Long-term Debt, less current maturities	84,771	61,580	13,358	34,135	39,969
Stockholders' Equity	1,288,426	1,138,226	368,334	243,859	183,175
Ratio of Long-term Debt to Equity	.07x	.05x	.04x	.14x	.22x
Total Assets	$2,820,654	$3,073,078	$1,654,115	$1,195,992	$915,256
OTHER DATA					
Backlog at Year End (7)	$4,310,191	$6,675,903	$7,567,665	$8,451,381	$7,897,784
New Business Awarded (8)	$2,786,256	$4,768,524	$3,744,642	$3,596,436	$8,479,786

(1) Includes the results of Keating, acquired January 15, 2009. See Note 2 of Notes to Consolidated Financial Statements entitled "Merger & Acquisition".

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

(3) Includes the results of Cherry Hill acquired January 1, 2005 and Rudolph and Sletten acquired October 3, 2005.

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

(5) Income (Loss) available for common stockholders includes adjustments to net income for (a) accrued dividends on our $21.25 Preferred Stock, or $2.125 Depositary Shares, (b) the reversal of previously accrued and unpaid dividends in the amount of approximately $2.3 million applicable to 374,185 of the $2.125 Depositary Shares purchased and retired by us in November 2005, and (c) the $0.3 million excess of fair value over carrying value upon redemption of the remaining outstanding $2.125 Depositary Shares in May 2006.

(6) Includes a $23.6 million after-tax charge related to an adverse judgment received in the Washington Metropolitan Area Transit Authority ("WMATA") matter.

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

(8) New business awarded consists of the original contract price of projects added to our backlog in accordance with Note (7) above plus or minus subsequent changes to the estimated total contract price of existing contracts. Management uses new business awarded to assist in forecasting future results.

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

Overview

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

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

For the year ended December 31, 2009, we achieved revenues of $5.2 billion, income from construction operations of $211.5 million and net income of $137.1 million. We received significant new contract awards, as well as additions to existing contracts, and ended the year with a contract backlog of $4.3 billion. At December 31, 2009, we had working capital of $303.1 million, a ratio of current assets to current liabilities of 1.23 to 1.00, and a ratio of long-term debt to equity of 0.07 to 1.00. Our stockholders' equity increased to $1.3 billion as of December 31, 2009, reflecting the operating results achieved in 2009, despite tough economic conditions.

Recent Developments

Amended Credit Facility

On January 13, 2010, we entered into a Second Amendment to the Third Amended and Restated Credit Agreement (the "Credit Agreement") with Bank of America. The Credit Agreement allows us to borrow up to $205 million on a revolving credit basis, with a $50 million sublimit for letters of credit, and an additional $107.0 million as of December 31, 2009 under a supplementary facility (the "Supplementary Facility") to the extent that the $205 million base facility has been fully drawn. Subject to certain conditions, we have the option to increase the base facility by up to an additional $45 million. This amendment and Supplementary Facility provides us with access to an additional source of liquidity. For a description of additional material terms of the Credit Agreement, see Note 5 of Notes to

Consolidated Financial Statements entitled “Financial Commitments”.

Common Stock Repurchase Program

On November 24, 2009, our Board of Directors extended the common stock repurchase program put into place on November 13, 2008. The program allows us to repurchase up to $100 million of our common stock through March 31, 2010. Under the terms of the program, we may repurchase shares in open market purchases or through privately negotiated transactions. The timing and amount of any repurchase will be based on our evaluation of market conditions, business considerations and other factors. We expect to use cash on hand to fund repurchases of our common stock. Stock repurchases will be conducted in compliance with the safe harbor provisions of Rule 10b-18 under the Securities Exchange Act of 1934, as amended. Repurchases also may be made under Rule 10b5-1 plans, which would permit common stock to be purchased when we would otherwise be prohibited from doing so under insider trading laws. The share repurchase program does not obligate us to repurchase any dollar amount or number of shares of our common stock, and the program may be extended, modified, suspended or discontinued at any time, at our discretion. During 2008, we repurchased 2,003,398 shares for an aggregate purchase price of $31.8 million under the program. There were no repurchases made during 2009.

Tutor Perini Ranked as the Second Largest General Building Contractor and Green Contractor

Engineering News Record ("ENR") ranked Tutor Perini Corporation as the nation's largest general building contractor, second largest green building contractor, 10th largest U.S. general contractor, and the number one builder of hotels, motels and convention centers, according to revenues.

Perini Building Company Delivers CityCenter

In December 2009, Perini Building Company, our wholly owned subsidiary, completed CityCenter, the largest privately funded construction project in U.S. history. The project required approximately 50 million man hours and is a 67-acre development that includes ARIA Resort & Casino, Mandarin Oriental, Las Vegas, Vdara Hotel & Spa, The Harmon Hotel, Crystals retail & entertainment district, and Veer Towers. The project was completed on schedule.

Backlog Analysis for 2009

Our backlog of uncompleted construction work at December 31, 2009 was approximately $4.3 billion, as compared to the $6.7 billion at December 31, 2008. The decrease in backlog during the year is a result of the anticipated substantial completion of large hospitality and gaming projects in Las Vegas, Nevada, and the lack of new work acquired in the non-residential building markets, partially offset by successful acquisition of new civil projects in California and New York. The Company expects to replace a portion of its high contract volume building projects with a growing share of new civil projects at a higher profit margin than what was earned prior to the merger with Tutor-Saliba. The following table provides an analysis of our backlog by business segment for the year ended December 31, 2009.

	Backlog at December 31, 2008	New Business Awarded (1)	Revenue Recognized	Backlog at December 31, 2009
		(in millions)		
Building	$ 5,732.0	$ 1,878.7	$ (4,484.9)	$ 3,125.8
Civil	528.0	835.2	(361.7)	1,001.5
Management Services	415.9	72.4	(305.4)	182.9
Total	$ 6,675.9	$ 2,786.3	$ (5,152.0)	$ 4,310.2

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

Critical Accounting Policies

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

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

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

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

The amount of unapproved change order and claim revenue is included in our balance sheet as part of costs and estimated earnings in excess of billings. The amount of costs and estimated earnings in excess of billings relating to unapproved change orders and claims included in our balance sheet at December 31, 2009 and 2008 is summarized below:

	December 31,	
	2009	2008
	(in thousands)	
Unapproved Change Orders	$ 32,683	$ 16,401
Claims	68,358	68,682
	$ 101,041	$ 85,083

Of the balance of unapproved change orders and claims included in costs and estimated earnings in excess of billings at December 31, 2009 and December 31, 2008, approximately $62.7 million and $56.6 million respectively, are amounts subject to pending litigation or dispute resolution proceedings as described in Item 3, "Legal Proceedings" and Note 9, "Contingencies and Commitments" of Notes to Consolidated Financial Statements for the respective periods. These amounts are management's estimate of the probable cost recovery from the disputed claims considering such factors as evaluation of entitlement, settlements reached to date and our experience with the customer. In the event that future facts and circumstances, including the resolution of disputed claims, cause us to reduce the aggregate amount of our estimated probable cost recovery from the disputed claims, we will record the amount of such reduction against earnings in the relevant future period.

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

Billings in excess of costs and estimated earnings represents the excess of contract billings to date over the amount of contract costs and profits (or contract revenue) recognized to date on the percentage of completion accounting method. Costs and estimated earnings in excess of billings represents the excess of contract costs and profits (or contract revenue) recognized to date on the percentage of completion accounting method over contract billings to date. Costs and estimated earnings in excess of billings results when (1) the appropriate contract revenue amount has been recognized in accordance with the percentage of completion accounting method, but a portion of the revenue recorded cannot be billed currently due to the billing terms defined in the contract and/or (2) costs, recorded at estimated realizable value, related to unapproved change orders or claims are incurred. For unapproved change orders or claims that cannot be resolved in accordance with the normal change order process as defined in the contract, we may employ other dispute resolution methods, including mediation, binding and non-binding arbitration, or litigation. See Item 3 – “Legal Proceedings” and Note 9, “Contingencies and Commitments” of Notes to Consolidated Financial Statements. The prerequisite for billing unapproved change orders and claims is the final resolution and agreement between the parties. Costs and estimated earnings in excess of billings related to our contracts and joint venture contracts at December 31, 2009 is discussed above under “Use of Estimates” and in Note 1(d) of Notes to Consolidated Financial Statements.

Impairment of Goodwill and Other Intangible Assets - We test goodwill and intangible assets with indefinite lives, primarily trade names and contractor license, for impairment by applying a fair value test in the fourth quarter of each year and between annual tests if events occur or circumstances change which suggest that the goodwill or indefinite-lived intangible assets should be evaluated. Intangible assets with finite lives are tested for impairment whenever events or circumstances indicate that the carrying value may not be recoverable.

During 2009, the Company completed a reorganization enabling the Company to realize greater operating efficiencies and take full advantage of the civil construction expertise acquired through the merger with Tutor-Saliba. As a result of the reorganization, the composition and number of reporting units has changed. The Company reallocated goodwill between its reorganized reporting units based on the relative fair value of pre-reorganization reporting unit components distributed to post-reorganization reporting units. The number of reportable segments has not changed (see Note 13 entitled “Business Segments” in the Notes to Consolidated Financial Statements).

When testing goodwill, we compare the fair value of the reporting unit to its carrying value. If the carrying value exceeds the fair value, we determine the fair value of the reporting unit’s individual assets and liabilities and calculate the implied fair value of goodwill. The impairment charge equals the excess of the carrying value of goodwill, if any, over the implied fair value of goodwill. To determine the fair value of the reporting unit, we primarily use the income approach which is based on the cash flows that the reporting unit expects to generate in the future. This income valuation method requires management to project revenues, operating expenses, working capital investment, capital spending and cash flows for the reporting unit over a multi-year period, as well as determine the weighted-average cost of capital to be used as a discount rate. Impairment assessment inherently involves management judgments as to assumptions about expected future cash flows and the impact of market conditions on those assumptions. We also use the market valuation method to estimate the fair value of our reporting units by utilizing industry multiples of operating earnings. When calculating impairment for intangible assets with indefinite lives, we compare the fair value of these assets, as determined based on the income and market valuation methods, to the carrying value. The impairment charge equals the excess of the carrying value of the asset, if any, over its fair value. There were no impairment charges recorded in 2009.

Fair Value Measurements – We determined that we utilize unobservable (Level 3) inputs in determining the fair value of our investments in auction rate securities, valued at $101.2 million as of December 31, 2009. All of these instruments are classified as available for sale securities as of December 31, 2009. We have determined the estimated fair values of these securities utilizing a discounted cash flow analysis. In addition, we obtained an independent valuation of some of our auction rate security instruments and considered these valuations in determining the estimated fair values of the auction rate securities in our portfolio.

Our analyses considered, among other items, the collateralization underlying the security investments, the expected future cash flows, including the final maturity, associated with the securities, and estimates of the next time the security is expected to have a successful auction or return to full par value.

In conjunction with our estimates of fair value at December 31, 2009, we did not deem our investment in auction rate securities to be impaired. See Note 3 of Notes to Consolidated Financial Statements for more information.

Share-based Compensation - We have granted restricted stock units and stock options to certain employees and non-employee directors. We recognize share-based compensation expense net of an estimated forfeiture rate and only recognize compensation expense for those shares expected to vest on a straight-line basis over the requisite service period of the award (which corresponds to the vesting period). Determining the appropriate fair value model and calculating the fair value of stock option awards requires the input of highly subjective assumptions, including the expected life of the stock option awards and the expected volatility of our stock price over the life of the awards. We used the Black-Scholes-Merton option pricing model to value our stock option awards, and utilized the historical volatility of our common stock as a reasonable estimate of the future volatility of our common stock over the expected life of the awards. The assumptions used in calculating the fair value of share-based payment awards represent our best estimates, but these estimates involve inherent uncertainties and the application of management's judgment. As a result, if factors change which require the use of different assumptions, share-based compensation expense could be materially different in the future. In addition, if the actual forfeiture rate is materially different from our estimate, share-based compensation expense could be significantly different from what has been recorded through December 31, 2009.

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

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

We identified and reviewed potential tax uncertainties for tax positions taken or expected to be taken in a tax return and determined that the exposure to those uncertainties did not have a material impact on our results of operations or financial condition as of December 31, 2009.

Defined Benefit Retirement Plan – The status of our defined benefit pension plan obligations, related plan assets and cost is presented in Note 8 of Notes to Consolidated Financial Statements entitled “Employee Benefit Plans.” Plan obligations and annual pension expense are determined by actuaries using a number of key assumptions which include, among other things, the discount rate and the estimated future return on plan assets. The discount rate of 6.29% used for purposes of computing the 2009 annual pension expense was determined at the beginning of the calendar year based upon an analysis performed by our actuaries which matches the cash flows of our plan's projected liabilities to bond investments of similar amounts and durations. We plan to change the discount rate used for computing the 2010 annual pension expense to 5.84% based upon a similar analysis by our actuaries.

The estimated return on plan assets is primarily based on historical long-term returns of equity and fixed income markets according to our targeted allocation of plan assets (75% equity and 25% fixed income). We plan to continue to use a return on asset rate of 7.5% in 2010 based on projected equity and bond market performance compared to long-term historical averages.

The plans' benefit obligations exceeded the fair value of plan assets on December 31, 2009, 2008, and 2007. Accordingly, our unfunded projected benefit obligation decreased $2.0 million in 2009, increased $24.0 million in 2008, and decreased $6.2 million in 2007, with the offset to accumulated other comprehensive income (loss), an increase (reduction) in stockholders' equity.

Effective June 1, 2004, all benefit accruals under our pension plan were frozen; however, the vested benefit was preserved. Due to the expected increase in amortization of prior years' investment losses, we anticipate that pension expense will increase from $1.6 million in 2009 to $2.0 million in 2010. Cash contributions to our defined benefit pension plan are anticipated to be approximately $3.0 million in 2010. Cash contributions may vary significantly in the future depending upon asset performance and the interest rate environment.

Results of Operations -
2009 Compared to 2008

In 2009, revenues decreased by $508.3 million to $5,152.0 million and gross profit increased by $54.8 million to $388.0 million. Income from construction operations increased by $236.8 million, from a loss of $25.2 million to income of $211.5 million. Net income increased by $212.2 million, from a loss of $75.1 million to income of $137.1 million. Excluding the recognition of a $224.5 million pretax ($202.8 million after tax) non-cash impairment charge relating to goodwill and other intangible assets recorded in 2008, income from construction operations would have increased $12.3 million from $199.2 million. The improvement of gross profit and income from construction operations primarily reflects the increased contribution of our civil segment and the addition of projects from the merger of Tutor-Saliba and the acquisition of Keating. Basic and diluted earnings per common share for 2009 were $2.82 and $2.79, respectively, as compared to basic and diluted loss per common share of $2.19 in 2008. Excluding the non-cash impairment charge basic and diluted earnings per share in 2008 would have been $3.73 and $3.67, respectively.

Revenues from Construction Operations
The following table summarizes our revenues by segment.

	Revenues for the Year Ended December 31, 2009	2008	Increase / (Decrease)	% Change
	(In millions)			
Building	$ 4,484.9	$ 5,146.6	$ (661.7)	(12.8)%
Civil	361.7	310.7	51.0	16.4%
Management Services	305.4	203.0	102.4	50.4%
Total	$ 5,152.0	$ 5,660.3	$ (508.3)	(9.0)%

Overall revenues decreased by $508.3 million (or 9.0%), from $5,660.3 million in 2008 to $5,152.0 million in 2009. Revenue increases in both the civil and management services segments were offset by a decrease in building construction revenues of $661.7 million (or 12.8%). The decrease in building construction revenues is due to the completion of several large building projects in 2009 such as CityCenter, and was partially offset by the addition of $715.6 million in revenues from a full year of projects acquired in the merger of Tutor-Saliba and the acquisition of Keating. Civil construction revenues increased by $51.0 million (or 16.4%), from $310.7 million in 2008 to $361.7 million in 2009, due to the acquisition of new work during 2009, such as the I-5 Bridge replacement in Shasta County, California and the Caldecott Tunnel Project near Oakland, California. Management services revenues also improved due to an increase in volume from new work, from $203.0 million in 2008 to $305.4 million in 2009, an increase of $102.4 million (or 50.4%).

Income (Loss) from Construction Operations

The following table summarizes by segment the income (loss) from construction operations before and after the impairment charge.

	Income (Loss) from Construction Operations for the Year Ended December 31, 2009	2008	Increase (Decrease) In Income	% Change
	(In millions)			
Building before impairment charge	$ 155.5	$ 151.8	$ 3.7	2.4%
Impairment charge	-	(197.6)	197.6	NM*
Building, net	155.5	(45.8)	201.3	NM*
Civil before impairment charge	44.3	28.1	16.2	57.6%
Impairment charge	-	(6.0)	6.0	NM*
Civil, net	44.3	22.1	22.2	NM*
Management Services before impairment charge	53.4	41.5	11.9	28.7%
Impairment charge	-	(20.9)	20.9	NM*
Management Services, net	53.4	20.6	32.8	NM*
Subtotal before impairment charge	253.2	221.4	31.8	14.4%
Impairment charge	-	(224.5)	224.5	NM*
Subtotal, net of impairment charge	253.2	(3.1)	256.3	NM*
Less: Corporate	(41.7)	(22.1)	(19.6)	88.7%
Total before impairment charge	211.5	199.3	12.2	6.1%
Impairment charge	-	(224.5)	224.5	NM*
Total, net of impairment charge	$ 211.5	$ (25.2)	$ 236.7	NM*

*NM – Not meaningful.

The following discussion of income from construction operations has been prepared on a pre-impairment charge basis in order to enable users of this information to better compare normal operating results of each segment between the two periods. Since the impairment charge impacts 2008 only and does not affect revenues, cost of revenues or general expenses we incur to conduct our day-to-day construction operations, management believes the following discussion, analysis and comparison of 2009 and 2008 operating results is more meaningful to users when prepared on a pre-impairment charge basis.

Building construction income from operations before the impairment charge remained fairly consistent, increasing by $3.7 million (or 2.4%), from $151.8 million in 2008 to $155.5 million in 2009. Building construction income from operations, net of the impairment charge recorded in 2008, decreased slightly due to a decrease in revenues discussed above, and was favorably impacted in 2009 by a higher margin on certain large public works projects.

Civil construction income from operations before the impairment charge increased by $16.2 million, or 57.6%, from $28.1 million in 2008 to $44.3 million in 2009. Our civil operations have been favorably impacted by a full year of Tutor-Saliba operations and by an increase in mass transit projects acquired during 2009.

In conjunction with the increase in revenues discussed above, management services contributed to our income from operations in 2009. Management services income from operations before the impairment charge increased by $11.9

million (or 28.7%), from $41.5 million in 2008 to $53.4 million in 2009, primarily reflecting an increase in volume of work in Guam due to a full year of Tutor-Saliba operations in 2009.

Overall income from construction operations was unfavorably impacted by a $19.6 million increase in corporate general and administrative expenses, from $22.1 million in 2008 to $41.7 million in 2009, due primarily to a full year of Tutor-Saliba general and administrative expenses, one time charges related to the acquisition of Keating, and the integration of Tutor-Saliba, net of other cost reduction activities in corporate services.

Other income decreased by $8.5 million, from $9.6 million in 2008 to $1.1 million in 2009. This decrease was primarily due to less interest income, which decreased by $8.2 million as a result of lower average interest rates and a lower average investment balance during 2009.

Interest expense increased by $3.3 million, from $4.2 million in 2008 to $7.5 million in 2009. This increase was attributable to a temporary increase in borrowing under our revolving credit facility during 2009 and an increase in transportation equipment financing.

The provision for income taxes increased by $12.8 million, from $55.3 million in 2008 to $68.1 million in 2009 primarily due to the increase in taxable income. The effective tax rate for 2009 was 33.2%. The decrease in the tax rate is a result of a favorable variance in permanent tax liability differences from current and prior years. In 2008, an effective tax rate of 37.6% was applied to pretax operating income, excluding the goodwill impairment charge of $166.9 million which is not tax deductible.

Results of Operations -
2008 Compared to 2007

In 2008, revenues increased by $1,031.9 million to a record $5,660.3 million and gross profit increased by $84.3 million. Income from construction operations decreased by $166.2 million, from a profit of $141.0 million to a loss of $25.2 million, and net income decreased by $172.2 million, from a profit of $97.1 million to a loss of $75.1 million, due to the recognition of a $224.5 million pretax non-cash impairment charge relating to goodwill and other intangible assets. Had we not had to record the impairment charge in 2008, we would have achieved a record for income from construction operations and net income for the third consecutive year. Excluding the non-cash impairment charge, our strong performance in 2008 was led by our building and management services segments. In addition, our civil segment returned to profitability in 2008. The increase in revenues and profit (before the impairment charge) primarily reflects the conversion of our substantial building segment backlog into revenues and profit as expected and the impact of the merger with Tutor-Saliba.

	Revenues for the Year Ended December 31,			
	2008	2007 (In millions)	Increase	% Change
Building	$ 5,146.6	$ 4,248.8	$ 897.8	21.1%
Civil	310.7	234.8	75.9	32.3%
Management Services	203.0	144.8	58.2	40.2%
Total	$ 5,660.3	$ 4,628.4	$ 1,031.9	22.3%

Overall revenues increased by $1,031.9 million (or 22.3%), from $4,628.4 million in 2007 to $5,660.3 million in 2008. This increase was due primarily to an increase in building construction revenues of $897.8 million (or 21.1%), from $4,248.8 million in 2007 to $5,146.6 million in 2008, primarily as a result of the conversion of our substantial building segment backlog into revenues as expected, led by an increased volume of work in the hospitality and gaming, healthcare and office building markets in Las Vegas and California. The addition of Tutor-Saliba in September 2008 resulted in an increase of $405.6 million in building construction revenues in 2008. Civil construction revenues increased by $75.9 million (or 32.3%), from $234.8 million to $310.7 million in 2008, due primarily to the addition of Tutor-Saliba. Management services revenues increased by $58.2 million (or 40.2%), from $144.8 million in 2007 to $203.0 million in 2008, due to the addition of Tutor-Saliba's Black Construction operation in Guam and a slightly higher volume of work in Iraq.

Impact of Impairment Charge in 2008

Our 2008 income from construction operations was materially impacted by a $224.5 million pretax impairment charge. This impairment charge reflects the write-down to fair value of goodwill and certain other indefinite-lived intangible assets initially recorded in connection with our merger with Tutor-Saliba in September 2008. The pretax impairment charge related to the indefinite-lived intangible assets, excluding goodwill, amounted to a total of $57.6 million, of which $50.8 million related to the building segment, $6.0 million related to the civil segment, and $0.8 million related to the management services segment. These indefinite-lived intangible assets consist of trade names and various contractors' licenses. The pretax impairment charge related to goodwill amounted to a total of $166.9 million, of which $146.8 million related to the building segment and $20.1 million related to the management services segment. We performed our annual impairment test of goodwill and other indefinite-lived intangible assets in the fourth quarter of 2008. In performing this test, we used the income method to estimate the fair value of the reporting units. Due to the global financial crisis and significant global economic conditions experienced during the fourth quarter of 2008, we experienced delays, postponements and reductions in scope of certain construction projects that we were anticipating to enter backlog in 2008 or 2009. As a result of these delays, postponements and reductions in scope, the projected cash flows of the Tutor-Saliba reporting units decreased considerably from those initially anticipated prior to the completion of the merger, thereby resulting in a lower fair value of the Tutor-Saliba reporting units and a corresponding impairment in the amount of goodwill and indefinite-lived intangible assets recorded in connection with the merger. These impairment charges relating to goodwill and indefinite-lived intangible assets are non-cash and therefore do not affect our cash position, liquidity or have any impact on future operating results.

The following table summarizes by segment the income (loss) from construction operations before and after the impairment charge.

	Income (Loss) from Construction Operations for the Year Ended December 31, 2008	2007	Increase (Decrease) In Income	% Change
	(In millions)			
Building before impairment charge	$ 151.8	$ 127.5	$ 24.3	19.1 %
Impairment charge	(197.6)	-	(197.6)	
Building, net	(45.8)	127.5	(173.3)	(135.9)%
Civil before impairment charge	28.1	(13.0)	41.1	
Impairment charge	(6.0)	-	(6.0)	
Civil, net	22.1	(13.0)	35.1	
Management Services before impairment charge	41.5	49.4	(7.9)	(16.0)%
Impairment charge	(20.9)	-	(20.9)	
Management Services, net	20.6	49.4	(28.8)	(58.3)%
Subtotal before impairment charge	221.4	163.9	57.5	35.1 %
Impairment charge	(224.5)	-	(224.5)	
Subtotal, net of impairment charge	(3.1)	163.9	(167.0)	(101.9)%
Less: Corporate	(22.1)	(22.9)	0.8	(3.5)%
Total before impairment charge	199.3	141.0	58.3	41.3 %
Impairment charge	(224.5)	-	(224.5)	
Total, net of impairment charge	$ (25.2)	$ 141.0	$ (166.2)	(117.9)%

Income (Loss) from Construction Operations, before Impairment Charge
The following discussion of income from construction operations in 2008 and 2007 has been prepared on a pre-impairment charge basis in order to enable users of this information to better compare normal operating results of each segment between the two periods. Since the impairment charge impacts 2008 only and does not affect revenues, cost of revenues or general expenses we incur to conduct our day-to-day construction operations, management believes the following discussion, analysis and comparison of 2008 and 2007 operating results is more meaningful to users when prepared on a pre-impairment charge basis.

Building construction income from operations before the impairment charge increased by $24.3 million (or 19.1%), from $127.5 million in 2007 to $151.8 million in 2008, due primarily to the significant increase in revenues discussed above, including the addition of Tutor-Saliba. Building construction income from operations was reduced by a $21.0 million increase in building construction-related general and administrative expenses, due primarily to increases driven by changes in revenue volume and a $12.2 million increase resulting from the addition of Tutor-Saliba. In addition, the increase in building construction-related general and administrative expenses included a $1.5 million increase due to marketing and preconstruction efforts relating to potential projects in Dubai, and a $1.1 million increase in amortization of stock-based compensation.

Civil construction income from operations before the impairment charge increased by $41.1 million, from a loss of $13.0 million in 2007 to a profit of $28.1 million in 2008. The addition of Tutor-Saliba made a significant positive impact on the 2008 civil construction income from operations along with improved operating results from both our New York Civil and Cherry Hill operations. The loss in 2007 was due primarily to recording a charge with respect to the matter discussed in Note 9 of Notes to Consolidated Financial Statements. Had that charge in 2007 not been recorded, the civil construction segment would still have experienced a loss from operations of approximately $3.0 million due primarily to (i) downward profit adjustments recorded on a bridge rehabilitation project and on two mass transit projects in metropolitan New York, and (ii) an increase in civil construction-related general and administrative expenses, due primarily to a decrease in the number of active projects, as well as an increase in legal fees relating to open legal matters.

In conjunction with the increase in revenues discussed above, management services contributed significantly to our income from operations in 2008. However, management services income from operations before the impairment charge decreased by $7.9 million (or 16.0%), from $49.4 million in 2007 to $41.5 million in 2008, primarily reflecting the extraordinary operating results recorded in 2007 due to favorable performance on work in Iraq.

Overall income from construction operations was favorably impacted by a $0.8 million decrease in corporate general and administrative expenses, from $22.9 million in 2007 to $22.1 million in 2008, due primarily to a $4.2 million decrease in corporate stock-based compensation expense resulting from certain restricted stock units granted in 2006 through 2008. Largely offsetting this decrease were increases in certain outside professional fees related to the audit of our financial statements and an increase in legal fees related to the matters discussed in Note 9 of Notes to Consolidated Financial Statements.

Other income decreased by $5.8 million, from $15.4 million in 2007 to $9.6 million in 2008, due primarily to the recognition of a $2.6 million loss due to the adjustment of certain of our investments in auction rate securities to fair value in 2008, and a net loss of $0.6 million in 2008, as compared to a $0.6 million net gain in 2007, from the sale of certain parcels of developed land held for sale. In addition, interest income decreased by $0.9 million as a result of lower interest rates available on short-term cash investments during 2008.

Interest expense increased by $2.2 million, from $2.0 million in 2007 to $4.2 million in 2008. A reduction in interest expense due to the February 2007 repayment of our term loan in full was more than offset by increases in interest expense due to more extensive equipment financing in 2008 and to the $39.8 million of outstanding debt assumed in conjunction with the merger with Tutor-Saliba.

The provision for income taxes decreased by $2.0 million, from $57.3 million in 2007 to $55.3 million in 2008. For 2008, an effective tax rate of 37.6% was applied to pretax operating income, excluding the goodwill impairment charge of $166.9 million which is not tax deductible. The effective tax rate in 2007 was 37.1%.

Potential Impact of Current Economic Conditions

Current economic and financial market conditions in the United States and overseas, including severe disruptions in the credit markets, have had an adverse affect on our results of operations. If there is a prolonged economic recession or depression or if government efforts to stabilize and revitalize credit markets and financial institutions are not effective, current economic and financial market conditions could continue to adversely affect our results of operations in future periods. The current instability in the financial markets has made it difficult for certain of our customers, including state and local governments, to access the credit markets to obtain financing or refinancing, as the case may be, to fund new construction projects on satisfactory terms or at all. State and local governments also are facing significant budget shortfalls as a result of declining tax and other revenues, which may cause them to defer or cancel planned infrastructure projects. This situation has contributed to lower revenues in 2009. The $2.4 billion decrease in our backlog during 2009 is the result of a lower volume of new work acquired as new projects have been deferred or delayed pending a turnaround in the economy, an improvement in the credit markets, and the release of funds for construction under the Federal economic stimulus package. We may encounter increased levels of deferrals and delays related to new construction projects in the future. Difficulty in obtaining adequate financing due to the unprecedented disruption in the credit markets may increase the rate at which our customers defer, delay or cancel proposed new construction projects. Such deferrals, delays or cancellations could have an adverse impact on our future operating results.

Liquidity and Capital Resources

Cash and Working Capital

On September 8, 2008, we entered into a Third Amended and Restated Credit Agreement (the “Credit Agreement”) with Bank of America, as Agent, which was amended by a Joinder Agreement dated February 13, 2009 and by a First Amendment dated as of February 13, 2009 (collectively the “Amended Credit Agreement”). For a description of the material terms of the Amended Credit Agreement, see Note 5 of Notes to Consolidated Financial Statements. The Amended Credit Agreement amends and replaces in its entirety a previously existing credit agreement dated February 22, 2007, as amended on May 7, 2008, and allows us to borrow up to $155 million on a revolving credit basis (the “Revolving Facility”), with a $50 million sublimit for letters of credit, and an additional $107.0 million under a supplementary facility (the “Supplementary Facility”) to the extent that the $155 million base facility has been fully drawn. This Supplementary Facility provides us with access to a source of liquidity should the need arise. We have borrowed under the revolving credit facilities for a brief period during 2009, and did not fully utilize the facility during 2008, other than for letters of credit. There are no borrowings outstanding at December 31, 2009 and, accordingly we had $241.6 million available to borrow under the Amended Credit Agreement, including outstanding letters of credit.

On January 13, 2010, the Amended Credit Agreement was amended to increase the Company’s borrowing capacity by $50 million, allowing the Company to borrow up to $205 million, for additional working capital and potential acquisitions, on a revolving credit basis and to favorably modify certain financial and other covenants, including setting the net worth covenant at $1.1 billion as of December 31, 2009. There has been no change to the Supplementary Facility as a result of this amendment.

Cash and cash equivalents consist of amounts held by us as well as our proportionate share of amounts held by construction joint ventures. Cash held by us is available for general corporate purposes while cash held by construction joint ventures is available only for joint venture-related uses. Joint venture cash and cash equivalents are not restricted to specific uses within those entities; however, the terms of the joint venture agreements limit our ability to distribute those funds and use them for corporate purposes. Cash held by construction joint ventures is distributed from time to time to us and to the other joint venture participants in accordance with our respective percentage interest after the joint venture partners determine that a cash distribution is prudent. Cash distributions received by us from our construction joint ventures are then available for general corporate purposes. At December 31, 2009 and December 31, 2008, cash held by us and available for general corporate purposes was $323.9 and $342.3 million, respectively, and our proportionate share of cash held by joint ventures and available only for joint venture-related uses was $24.4 million and $43.9 million, respectively.

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

A summary of cash flows for each of the years ended December 31, 2009, 2008 and 2007 is set forth below:

	Year Ended December 31,		
	2009	2008	2007
		(In millions)	
Cash flows provided (used) by:			
Operating activities	$(26.1)	$126.1	$281.5
Investing activities	(40.9)	(72.1)	(25.6)
Financing activities	29.1	(127.0)	(22.2)
Net (decrease) increase in cash	(37.9)	(73.0)	233.7
Cash at beginning of year	386.2	459.2	225.5
Cash at end of year	$348.3	$386.2	$459.2

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

During 2008, we generated $126.1 million in cash flow from operating activities. The positive cash flow from operating activities is primarily due to the substantial increase in our building segment revenues as well as favorable operating results in our civil and management services segments. We used $72.1 million in cash to fund investing activities, principally the purchase of auction rate securities, transportation and construction equipment to be used primarily in our civil construction operations, net of a $92.1 million cash balance recorded in connection with the merger with Tutor-Saliba because the consideration paid in the merger was equity and not cash. We used $127.0 million in cash to fund our financing activities, principally $58.5 million for the repayment of shareholder notes payable assumed in the merger with Tutor-Saliba, $38.7 million for the repayment of debt, and $31.8 million for the purchase of common stock in connection with our common stock repurchase program which was instituted in November 2008. The debt repayments include $28.8 million of debt assumed in connection with the merger with Tutor-Saliba. Due to the use of cash in our investing and financing activities, our cash balance decreased by $73.0 million during 2008.

During 2007, we generated $281.5 million in cash flow from operating activities. The substantial increase in cash flow from operating activities compared to 2006 is primarily due to the substantial increase in our building segment revenues as well as favorable operating results in our management services segment. Cash flow from operating activities was partly used to fund $22.2 million in financing activities, primarily to pay in full the remaining $22.5 million balance outstanding on our term loan in conjunction with the closing of our new revolving credit facility in February 2007, and to pay down debt assumed in conjunction with the acquisition of Cherry Hill; and to partly fund $25.6 million in investing activities, principally for the purchase of construction equipment and property to be used in support of our building construction operations, and to purchase a net $8.0 million of auction rate securities for short-term investment purposes. As a result, we increased our cash balance by $233.7 million during 2007.

Working capital increased, from $293.5 million at the end of 2007 to $303.1 million at December 31, 2009. The amount of working capital would have been substantially higher at December 31, 2009; however, due to the current overall liquidity concerns in capital markets and our likely inability to liquidate our investments in auction rate securities in the near term, we classified $101.2 million of these investments as long-term at December 31, 2009. For a description of our accounting for auction rate securities, see Note 3 of Notes to Consolidated Financial Statements. The current ratio increased from 1.13x at December 31, 2008 to 1.23x at December 31, 2009.

Long-term Investments

At December 31, 2009, we had investments in auction rate securities of $101.2 million, which are reflected at fair value. These investments are considered to be "available for sale", and are classified as long-term investments. Our investment policy is to manage our assets to achieve our goals of preserving principal, maintaining adequate liquidity at all times, and maximizing returns subject to our investment guidelines. The current overall liquidity concerns in capital markets have affected our ability to liquidate many of our investments in auction rate securities. Based on our ability to access our cash equivalent investments, our anticipated operating cash flows, and our available credit facilities, we do not expect the short-term lack of liquidity to affect our overall liquidity position or our ability to execute our current business plan.

We hold a variety of highly rated (primarily AAA or AA) interest bearing auction rate securities that generally represent interests in pools of either interest bearing student loans or municipal bond issues. These auction rate securities provide liquidity via an auction process that resets the applicable interest rate at predetermined intervals, typically every 7 or 28 days. In the event that such auctions are unsuccessful, the holder of the securities is not able to access these funds until a future auction of these investments is successful. An unsuccessful auction results in a lack of liquidity in the securities but does not signify a default by the issuer. Upon an unsuccessful auction, the interest rates do not reset at a market rate but instead reset based upon a formula contained in the security, which rate is generally higher than the current market rate. During the first quarter of 2008, we made substantial additional investments in auction rate securities, with a total investment of $181.9 million. Since mid-February 2008, regularly scheduled auctions for these securities started to fail throughout the market at a significant rate. We have been successful in liquidating at par value a significant portion of our investment in auction rate securities and at December 31, 2009 we had investments in auction rate securities of $101.2 million. During 2009, we determined that the carrying value of our auction rate securities reflected fair value and therefore did not recognize an impairment charge. At December 31, 2008, we had investments in auction rate securities of $104.8 million which are reflected at fair value after recognition of a $5.8 million pretax impairment charge in 2008. Of this $5.8 million impairment charge, $2.6 million was deemed to be other-than-temporary, thereby resulting in a charge to income. The $3.2 million balance of the impairment charge was deemed to be temporary, thereby resulting in a charge to stockholders' equity.

Off-Balance Sheet Arrangements

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

Long-term Debt

Long-term debt, excluding current maturities of $31.3 million, was $84.8 million at December 31, 2009, an increase of $23.2 million from December 31, 2008, due primarily to new long-term debt agreements we entered into during 2009 for transportation equipment owed by the Company of $35 million and to finance building and land acquisitions for operations in Guam of $9.7 million. Our outstanding debt is secured by the underlying assets. Approximately $85.0 million of the $116.1 million in debt outstanding at December 31, 2009 carries interest at a fixed rate. The long-term debt to equity ratio was .07x at December 31, 2009, compared to .05x at December 31, 2008.

Contractual Obligations

Our outstanding contractual obligations as of December 31, 2009 are summarized in the following table:

	Payments Due by Period (In thousands)				
	Total	Less Than 1 Year	1-3 Years	3-5 Years	More Than 5 Years
Total debt, excluding interest	$ 116,105 (a)	$ 31,334	$ 24,151	$ 37,457	$ 23,163
Interest payments on debt	21,076	5,824	7,637	5,051	2,564
Operating leases, net	48,300	10,128	14,487	11,988	11,697
Purchase obligations	8,665	8,373	292	-	-
Unfunded pension liability	22,882	2,983	7,755	7,755	4,389
Total contractual obligations	$ 217,028	$ 58,642	$ 54,322	$ 62,251	$ 41,813

(a) Includes capital leases in the amount of $137

Stockholders' Equity

Our book value per common share was $26.54 at December 31, 2009, compared to $23.56 at December 31, 2008, and $13.65 at December 31, 2007. The major factors impacting stockholders' equity during the three year period were the 23.0 million shares issued in conjunction with the merger with Tutor-Saliba; the net income (loss) recorded in all three years; the annual amortization of restricted stock compensation expense; common stock options and stock purchase warrants exercised; the income tax benefit attributable to stock-based compensation. Also, we were required to adjust our accrued pension liability by a decrease of $2.0 million in 2009, an increase of $24.0 million in 2008, and a decrease of $6.2 million in 2007, respectively, and a cumulative increase of $23.7 million in prior years, with the offset to accumulated other comprehensive loss which resulted in an aggregate $39.5 million pretax accumulated other comprehensive loss reduction in stockholders' equity at December 31, 2009 (see Note 8 of Notes to Consolidated Financial Statements.) Adjustments to the amount of this accrued pension liability will be recorded in future years based upon periodic re-evaluation of the funded status of our pension plans.

Dividends

There were no cash dividends declared or paid on our outstanding common stock during the three years ended December 31, 2009.

Related Party Transactions

We are subject to certain related party transactions with our Chairman and Chief Executive Officer, Ronald N. Tutor, and the Vice Chairman of O&G Industries, Inc., one of our directors. For a more detailed description of these transactions and their effect on our financial statements, see Note 14 of Notes to Consolidated Financial Statements entitled "Related Party Transactions" in Item 15 of this report.

New Accounting Pronouncements

In September 2006, the Financial Accounting Standards Board ("FASB") issued guidance which clarifies the definition of fair value, describes methods used to appropriately measure fair value, and expands fair value disclosure requirements. This guidance applies under other accounting pronouncements that currently require or permit fair value measurements. We adopted this guidance on January 1, 2008, as required. In February 2008, the FASB issued a staff position which amends the fair value guidance by delaying its effective date by one year for non-financial assets and non-financial liabilities, except for items that are recognized or disclosed at fair value in the financial statements on a recurring basis. Therefore, we adopted the application of the fair value guidance relating to non-financial assets and non-financial liabilities on January 1, 2009. See Note 3, "Fair Value Measurements" for additional information.

In December 2007, FASB issued new guidance on business combinations. The new standard provides revised guidance on how an acquirer of a business recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree. This guidance also provides direction for recognizing and measuring the goodwill acquired in the business combination and determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. It was effective for us beginning January 1, 2009 and the Company applied the provisions of this guidance to an acquisition completed in January 2009 (see Note 2 of the Consolidated Balance Sheets).

In March 2008, the FASB issued guidance regarding disclosures about derivative instruments and hedging activities. This guidance was effective for us on January 1, 2009 and applies only to financial statement disclosures. The adoption of this guidance did not have a material impact on its consolidated financial statements and related disclosures.

In December 2008, the FASB issued a staff position which requires employers to disclose information about fair value measurements of defined benefit plan assets that are similar to the disclosures about fair value measurements required by the new fair value guidance. It is effective for our 2009 annual financial statements. Since the staff position only requires enhanced disclosures, the implementation of this guidance did not have an impact on our financial statements.

In April 2009, the FASB issued a staff position providing additional guidance on factors to consider in determining whether a transaction is orderly when the volume and level of market activity for an asset or liability have significantly decreased. It was effective for us beginning April 1, 2009. The staff position affirms that the objective of fair value when the market for an asset is not active is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. It applies to all fair value measurements when appropriate. The adoption of this guidance did not have a material impact on our financial statements.

In April 2009, the FASB issued a staff position amending existing guidance for determining whether an other-than-temporary impairment of debt securities has occurred. Among other changes, the FASB replaced the existing requirement that an entity's management assert it has both the intent and ability to hold an impaired security until recovery with a requirement that management assert (a) it does not have the intent to sell the security, and (b) it is more likely than not it will not have to sell the security before recovery of its cost basis. We adopted the provisions of the staff position beginning April 1, 2009. The adoption of this guidance did not have a material impact on our financial statements. In April 2009, the FASB issued a staff position requiring fair value disclosures in both interim and annual financial statements. We adopted the provisions of the staff position beginning April 1, 2009. Other than the required disclosures, the adoption of this guidance did not have a material impact on our financial statements.

In July 2009, the FASB Accounting Standards Codification ("ASC") was issued and became the single official source of authoritative, nongovernmental U.S. Generally Accepted Accounting Principles ("GAAP"). The historical GAAP hierarchy was eliminated and the ASC became the only level of authoritative GAAP. All other literature not included in the codification will be considered non-authoritative. ASC is effective for financial statements issued for interim and annual periods ending after September 15, 2009. The implementation of the ASC did not have a material impact on our financial statements or disclosures.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our exposure to market risk for changes in interest rates relates primarily to borrowings under our credit agreement and our short-term and long-term investment portfolios. Our revolving credit agreement is available for us to borrow, when needed, for general corporate purposes, including working capital requirements and capital expenditures. Borrowings under our credit agreement bear interest at the applicable LIBOR or base rate, as defined, and therefore we are subject to fluctuations in interest rates. During 2009, we borrowed under our revolving credit facilities for a brief period. Our outstanding debt at December 31, 2009 totaled $116.1 million, of which approximately $85.0 million carries interest at a fixed rate. Accordingly, we do not believe our liquidity or our operations are subject to significant market risk for changes in interest rates.

We hold a variety of highly rated (primarily AAA or AA) interest bearing auction rate securities that generally represent interests in pools of either interest bearing student loans or municipal bond issues. These auction rate securities provide liquidity via an auction process that resets the applicable interest rate at predetermined intervals, typically every 7 or 28 days. In the event that such auctions are unsuccessful, the holder of the securities is not able to access these funds until a future auction of these investments is successful. An unsuccessful auction results in a lack of liquidity in the securities but does not signify a default by the issuer. Upon an unsuccessful auction, the interest rates do not reset at a market rate but instead reset based upon a formula contained in the security, which rate is generally higher than the current market rate. Since mid-February 2008, regularly scheduled auctions for these securities started to fail throughout the market at a significant rate. At that time, we had $181.9 million invested in auction rate securities. Since then, we have been successful in liquidating at par value a significant portion of our investment in auction rate securities. We recorded a $5.8 million pretax impairment charge in 2008. Of this $5.8 million impairment charge, $2.6 million was deemed to be other-than-temporary, thereby resulting in a charge to income. The $3.2 million balance of the impairment charge was deemed to be temporary, thereby resulting in a charge to stockholders' equity. At December 31, 2009, we had investments in auction rate securities of $101.2 million which are reflected at fair value. These investments are considered to be "available-for-sale" and are classified as long-term investments. Our investment policy is to manage our assets to achieve our goals of preserving principal, maintaining adequate liquidity at all times, and maximizing returns subject to our investment guidelines. The current overall liquidity concerns in capital markets have affected our ability to liquidate many of our investments in auction rate securities. Based on our ability to access our cash equivalent investments, our anticipated operating cash flows, and our available Revolving Facility and our Supplemental Facility discussed above, we do not expect that the short-term lack of liquidity of our auction rate security investments will materially affect our overall liquidity position or our ability to execute our current business plan.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE
None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures – As required by Rule 13a-15(b) under the Securities Exchange Act of 1934, as of December 31, 2009, we carried out an evaluation under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. In designing and evaluating our disclosure controls and procedures, we recognize that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and our management necessarily was required to apply its judgment in evaluating and implementing possible controls and procedures. The effectiveness of our disclosure controls and procedures is necessarily limited by the staff and other resources available to us and, although we have designed our disclosure controls and procedures to address the geographic diversity of our operations, this diversity inherently may limit the effectiveness of those controls and procedures. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, as of December 31, 2009, our disclosure controls and procedures were effective, in that they provide reasonable assurance that information required to be disclosed by us in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and include controls and procedures designed to ensure that information we are required to disclose in such reports is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures.

Changes in Internal Control Over Financial Reporting - There was no change in our internal control over financial reporting that occurred during the period covered by this report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

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

Management's Report On Internal Control Over Financial Reporting - Our management, under the supervision of our Chief Executive Officer and Chief Financial Officer, is responsible for establishing and maintaining an adequate system of internal control over financial reporting as such term is defined in Exchange Act Rules 13a – 15(f). Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with accounting principles generally accepted in the United States of America. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. In making this assessment, management utilized the criteria set forth by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission in Internal Control – Integrated Framework. Based on this assessment, management concluded that, as of December 31, 2009, our internal control over financial reporting is effective based on those criteria.

Deloitte & Touche LLP, the independent registered public accounting firm that audited our consolidated financial statements included in this Annual Report on Form 10-K, has issued an attestation report on the Company’s internal control over financial reporting as of December 31, 2009. The report, which expresses an unqualified opinion on the effectiveness of the Company’s internal control over financial reporting as of December 31, 2009, is included below in Item 9A under the heading “Report of Independent Registered Public Accounting Firm.”

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited the internal control over financial reporting of Tutor Perini Corporation and subsidiaries (the "Company") as of December 31, 2009, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

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

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

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

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2009, based on the criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended December 31, 2009 of the Company and our report dated March 1, 2010 expressed an unqualified opinion on those financial statements.

/s/ Deloitte & Touche, LLP

Los Angeles, California

March 1, 2010

ITEM 9B. OTHER INFORMATION

None.

PART III.

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information relating to our directors is set forth in the sections entitled "Election of Directors " and “Corporate Governance” in the definitive proxy statement in connection with our Annual Meeting of Stockholders to be held on May 26, 2010 (the "Proxy Statement"), which sections are incorporated herein by reference. Information relating to our executive officers is set forth in Part I of this report under the caption “Executive Officers of the Registrant” and is hereby incorporated herein by reference.

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

ITEM 11. EXECUTIVE COMPENSATION

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

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

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

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

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

The information appearing under the captions “Certain Relationships and Related Party Transactions”, “Director Independence” and “Corporate Governance” in the Proxy Statement is hereby incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

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

PART IV.

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

TUTOR PERINI CORPORATION AND SUBSIDIARIES

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

	Pages
Consolidated Financial Statements of the Registrant	
Consolidated Balance Sheets as of December 31, 2009 and 2008	53 – 54
Consolidated Statements of Operations for the years ended December 31, 2009, 2008 and 2007	55
Consolidated Statements of Stockholders' Equity for the years ended December 31, 2009, 2008 and 2007	56
Consolidated Statements of Cash Flows for the years ended December 31, 2009, 2008 and 2007	57– 58
Notes to Consolidated Financial Statements	59 – 96
Report of Independent Registered Public Accounting Firm	97

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

(a)3. Exhibits

The exhibits which are filed with this report or which are incorporated herein by reference are set forth in the Exhibit Index which appears on pages 98 through 101.

SIGNATURES

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

	Tutor Perini Corporation (Registrant)
Dated: August 5, 2010	By: /s/Robert Band Robert Band President

Tutor Perini Corporation and Subsidiaries
Consolidated Balance Sheets
December 31, 2009 and 2008

(In thousands, except share data)

Assets

	2009	2008
CURRENT ASSETS:		
Cash, including cash equivalents of $294,807 and $333,869	$348,309	$386,172
Accounts receivable, including retainage of $544,875 and $656,458	1,088,386	1,378,040
Costs and estimated earnings in excess of billings	145,678	115,706
Deferred tax asset	1,370	11,589
Other current assets	30,811	18,793
Total current assets	1,614,554	1,910,300
LONG-TERM INVESTMENTS	101,201	104,779
PROPERTY AND EQUIPMENT, at cost:		
Land	33,114	27,082
Buildings and improvements	85,830	71,547
Construction equipment	184,579	169,714
Other equipment	112,554	107,253
	416,077	375,596
Less – Accumulated depreciation	67,256	47,116
Total property and equipment, net	348,821	328,480
GOODWILL	602,471	588,112
INTANGIBLE ASSETS, NET	134,327	125,026
OTHER ASSETS	19,280	16,381
	$2,820,654	$3,073,078

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

Tutor Perini Corporation and Subsidiaries
Consolidated Balance Sheets (continued)
December 31, 2009 and 2008

(In thousands, except share data)

Liabilities and Stockholders' Equity	2009	2008
CURRENT LIABILITIES:		
Current maturities of long-term debt	$ 31,334	$ 18,674
Accounts payable, including retainage of $396,928 and $486,561	990,551	1,352,041
Billings in excess of costs and estimated earnings	187,714	192,442
Accrued expenses	101,837	122,094
Total current liabilities	1,311,436	1,685,251
LONG-TERM DEBT, less current maturities included above	84,771	61,580
DEFERRED INCOME TAXES	78,977	98,862
OTHER LONG-TERM LIABILITIES	57,044	89,159
CONTINGENCIES AND COMMITMENTS		
STOCKHOLDERS' EQUITY:		
Common stock, $1 par value:		
Authorized – 75,000,000 shares		
Issued and outstanding – 48,538,982 shares and 48,319,223 shares	48,539	48,319
Additional paid-in capital	1,012,983	1,001,392
Retained earnings	260,121	123,060
Accumulated other comprehensive loss	(33,217)	(34,545)
Total stockholders' equity	1,288,426	1,138,226
	$ 2,820,654	$ 3,073,078

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

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Tutor Perini Corporation and Subsidiaries
Consolidated Statements of Operations
For the Years Ended December 31, 2009, 2008 and 2007

(In thousands, except per share data)

	2009	2008	2007
Revenues	$5,151,966	$ 5,660,286	$ 4,628,358
Cost of Operations	4,763,919	5,327,056	4,379,464
Gross Profit	388,047	333,230	248,894
General and Administrative Expenses	176,504	133,998	107,913
Goodwill and Intangible Asset Impairment	-	224,478	-
INCOME (LOSS) FROM CONSTRUCTION OPERATIONS	211,543	(25,246)	140,981
Other Income, Net	1,098	9,559	15,361
Interest Expense	(7,501)	(4,163)	(1,947)
Income (Loss) before Income Taxes	205,140	(19,850)	154,395
Provision for Income Taxes	(68,079)	(55,290)	(57,281)
NET INCOME (LOSS)	$ 137,061	$ (75,140)	$ 97,114
BASIC EARNINGS (LOSS) PER COMMON SHARE	$ 2.82	$ (2.19)	$ 3.62
DILUTED EARNINGS (LOSS) PER COMMON SHARE	$ 2.79	$ (2.19)	$ 3.54
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:			
BASIC	48,525	34,272	26,819
Effect of Dilutive Stock Options, Warrants and Restricted Stock Units	559	-	600
DILUTED	49,084	34,272	27,419

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

Tutor Perini Corporation and Subsidiaries
Consolidated Statements of Stockholders' Equity
For the Years Ended December 31, 2009, 2008 and 2007

(In thousands)

	Stock Purchase Warrants	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Total
Balance - December 31, 2006	$ 461	$ 26,554	$ 139,450	$ 101,086	$ (23,692)	$ 243,859
Net Income	-	-	-	97,114	-	97,114
Other comprehensive income:						
Change in pension benefit plans	-	-	-	-	6,175	6,175
Total comprehensive income						103,289
Common Stock options and stock purchase warrants exercised	(461)	267	1,095	-	-	901
Excess income tax benefit from stock-based compensation	-	-	5,712	-	-	5,712
Restricted stock compensation expense	-	-	14,427	-	-	14,427
Issuance of Common Stock, net	-	166	(20)	-	-	146
Balance - December 31, 2007	$ -	$ 26,987	$ 160,664	$ 198,200	$ (17,517)	$ 368,334
Net Loss	-	-	-	(75,140)	-	(75,140)
Other comprehensive loss:						
Change in pension benefit plans	-	-	-	-	(14,922)	(14,922)
Change in fair value of investments	-	-	-	-	(2,005)	(2,005)
Foreign currency translation	-	-	-	-	(101)	(101)
Total comprehensive loss						(92,168)
Common Stock issued in acquisition of Tutor-Saliba Corporation	-	22,987	858,476	-	-	881,463
Common Stock purchased under share repurchase program	-	(2,004)	(29,793)	-	-	(31,797)

Excess income tax benefit from stock-based compensation		-		-		533			-		-			533	
Stock-based compensation expense		-		-		12,145			-		-			12,145	
Issuance of Common Stock, net		-		349		(633	)		-		-			(284	)
Balance - December 31, 2008	$	-	$	48,319	$	1,001,392		$	123,060	$	(34,545	)	$	1,138,226	
Net Income		-		-		-			137,061		-			137,061	
Other comprehensive loss:															
Change in pension benefit plans									-		1,221			1,221	
Foreign currency translation									-		107			107	
Total comprehensive income														138,389	
Tax effect of stock-based compensation		-		-		(824	)		-		-			(824	)
Stock-based compensation expense		-		-		12,462			-		-			12,462	
Issuance of Common Stock, net		-		220		(47	)		-		-			173	
Balance - December 31, 2009	$	-	$	48,539	$	1,012,983		$	260,121	$	(33,217	)	$	1,288,426	

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

Tutor Perini Corporation and Subsidiaries
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2009, 2008 and 2007

(In thousands)

	2009	2008	2007
Cash Flows from Operating Activities:			
Net income (loss)	$137,061	$(75,140)	$97,114
Adjustments to reconcile net income (loss) to net cash from operating activities:			
Goodwill and intangible asset impairment	-	224,478	-
Depreciation	21,292	12,345	9,225
Amortization of intangible assets and deferred expenses	17,215	15,251	1,718
Stock-based compensation expense	12,462	12,145	14,427
Adjustment of investments to fair value	(39)	2,721	-
Excess income tax benefit from stock-based compensation	(28)	(533)	(5,712)
Deferred income taxes	(10,541)	(7,984)	(10,668)
Loss (gain) on sale of land, net	340	638	(566)
Gain on sale of property and equipment	624	(1,706)	(1,960)
Other long-term liabilities	(36,284)	7,581	14,168
Other non-cash items, net	-	-	(10)
Cash from changes in other components of working capital:			
(Increase) decrease in:			
Accounts receivable	363,076	(125,064)	(224,088)
Costs and estimated earnings in excess of billings	(29,798)	(12,032)	21,944
Other current assets	(11,017)	(3,936)	3,881
Increase (decrease) in:			
Accounts payable	(449,370)	125,736	297,989
Billings in excess of costs and estimated earnings	(8,928)	(36,844)	27,850
Accrued expenses	(32,112)	(11,602)	36,218
NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES	(26,047)	126,054	281,530
Cash Flows from Investing Activities:			
Acquisition of Keating Building Company, net of cash balance acquired	(6,900)	-	-
Cash balance recorded in merger with Tutor-Saliba Corporation, net of transaction costs	-	92,081	-
Acquisition of property and equipment	(37,005)	(66,767)	(23,885)
Proceeds from sale of property and equipment	1,873	6,697	4,994
Land held for sale, net	203	(774)	1,133
Investment in available-for-sale securities	-	(218,325)	(8,000)
Proceeds from sale of available-for-sale securities	3,641	115,856	116
Investment in other activities	(2,698)	(840)	27
NET CASH USED BY INVESTING ACTIVITIES	(40,886)	(72,072)	(25,615)

Tutor Perini Corporation and Subsidiaries
Consolidated Statements of Cash Flows (continued)
For the Years Ended December 31, 2009, 2008 and 2007

(In thousands)

	2009	2008	2007
Cash Flows from Financing Activities:			
Proceeds from long-term debt	$180,182	$2,213	$5,971
Repayment of long-term debt	(150,625)	(38,696)	(33,981)
Repayment of shareholder notes payable	-	(58,485)	-
Purchase of common stock under share repurchase program	-	(31,797)	-
Proceeds from exercise of common stock options and stock purchase warrants	34	-	901
Excess income tax benefit from stock-based compensation	28	533	5,712
Issuance of common stock and effect of cashless exercise	139	(284)	146
Deferred debt costs	(688)	(482)	(980)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	29,070	(126,998)	(22,231)
Net (Decrease) Increase in Cash and Cash Equivalents	(37,863)	(73,016)	233,684
Cash and Cash Equivalents at Beginning of Year	386,172	459,188	225,504
Cash and Cash Equivalents at End of Year	$348,309	$386,172	$459,188
Supplemental Disclosure of Cash Paid During the Year For:			
Interest	$7,804	$3,693	$1,872
Income taxes	$83,747	$79,270	$59,450
Supplemental Disclosure of Non-Cash Transactions:			
Grant date fair value of common stock issued for services	$7,411	$12,651	$5,966
Property and equipment acquired through financing arrangements	$5,734	$27,441	$-
Common stock issued in merger with Tutor-Saliba Corporation	$-	$881,463	$-

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2009, 2008 and 2007

[1] Summary of Significant Accounting Policies

(a) Nature of Business
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 wholly owned subsidiaries (the "Company") provide diversified general contracting, construction management and design-build services to private clients and public agencies throughout the world. The Company's construction business is conducted through three basic segments or operations: civil, building and management services. The civil segment focuses on public works construction primarily in the western, northeastern and mid-Atlantic United States including the repair, replacement and reconstruction of the public infrastructure such as highways, bridges, mass transit systems and wastewater treatment facilities. The building segment focuses on large, complex projects in the hospitality and gaming, transportation, healthcare, municipal offices, sports and entertainment, education, correctional facilities, biotech, pharmaceutical and high-tech markets, and electrical and mechanical, plumbing and HVAC services to both government and private non-residential customers. The management services segment provides diversified construction, design-build and maintenance services to the U.S. military and government agencies as well as surety companies and multi-national corporations in the United States and overseas.

The Company offers general contracting, pre-construction planning and comprehensive project management services, including planning and scheduling of the manpower, equipment, materials and subcontractors required for the timely completion of a project in accordance with the terms and specifications contained in a construction contract. The Company also offers self-performed construction services, including site work, concrete forming and placement, steel erection, electrical and mechanical, plumbing and HVAC. The Company provides these services by using traditional general contracting arrangements, such as fixed price, guaranteed maximum price and cost plus fee contracts and construction management or design-build contracting arrangements.

In an effort to leverage the Company's expertise and limit its financial and/or operational risk on certain large or complex projects, the Company participates in construction joint ventures, often as the sponsor or manager of the project, for the purpose of bidding and, if awarded, providing the agreed upon construction services. Each participant usually agrees in advance to provide a predetermined percentage of capital, as required, and to share in the same percentage of profit or loss of the project.

(b) Principles of Consolidation
The consolidated financial statements include the accounts of Tutor Perini Corporation and its wholly owned subsidiaries. The Company's interests in construction joint ventures are accounted for using the proportionate consolidation method whereby the Company's proportionate share of each joint venture's assets, liabilities, revenues and cost of operations are included in the appropriate classifications in the consolidated financial statements. All intercompany transactions and balances have been eliminated in consolidation.

(c) Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Company's construction business involves making significant estimates and assumptions in the normal course of business relating to its contracts and joint venture contracts due to, among other things, the one-of-a-kind nature of most of its projects, the long-term duration of a contract cycle and the type of contract utilized. The most significant estimates with regard to these financial statements relate to the estimating of total forecasted construction contract revenues, costs and profits in accordance

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2009, 2008 and 2007 (continued)

[1] Summary of Significant Accounting Policies (continued)

(c) Use of Estimates (continued)
with accounting for long-term contracts (see Note 1(d) below) and estimating potential liabilities in conjunction with certain contingencies, including the outcome of pending or future litigation, arbitration or other dispute resolution proceedings relating to contract claims (see Note 9 below). Actual results could differ in the near term from these estimates and such differences could be material.

(d) Method of Accounting for Contracts
Revenues and profits from the Company’s contracts and construction joint venture contracts are generally recognized by applying percentages of completion for the period to the total estimated profits for the respective contracts. Percentage of completion is determined by relating the actual cost of the work performed to date to the current estimated total cost of the respective contracts. However, on construction management contracts, profit is generally recognized in accordance with the contract terms, usually on the as-billed method, which is generally consistent with the level of effort incurred over the contract period. When the estimate on a contract indicates a loss, the Company's policy is to record the entire loss during the accounting period in which it is estimable. In the ordinary course of business, at a minimum on a quarterly basis, the Company prepares updated estimates of the total forecasted revenue, cost and profit or loss for each contract. The cumulative effect of revisions in estimates of the total forecasted revenue and costs, including unapproved change orders and claims, during the course of the work is reflected in the accounting period in which the facts that caused the revision become known. The financial impact of these revisions to any one contract is a function of both the amount of the revision and the percentage of completion of the contract. An amount equal to the costs incurred which are attributable to unapproved change orders and claims is included in the total estimated revenue when realization is probable. Profit from unapproved change orders and claims is recorded in the period such amounts are resolved.

In accordance with normal practice in the construction industry, the Company includes in current assets and current liabilities amounts related to construction contracts realizable and payable over a period in excess of one year. Billings in excess of costs and estimated earnings represents the excess of contract billings to date over the amount of contract costs and profits (or contract revenue) recognized to date on the percentage of completion accounting method on certain contracts. Costs and estimated earnings in excess of billings represents the excess of contract costs and profits (or contract revenue) recognized to date on the percentage of completion accounting method over the amount of contract billings to date on the remaining contracts. Costs and estimated earnings in excess of billings results when (1) the appropriate contract revenue amount has been recognized in accordance with the percentage of completion accounting method, but a portion of the revenue recorded cannot be billed currently due to the billing terms defined in the contract and/or (2) costs, recorded at estimated realizable value, related to unapproved change orders or claims are incurred. Costs and estimated earnings in excess of billings related to the Company’s contracts and joint venture contracts at December 31, 2009 and 2008, consisted of the following (in thousands):

	2009	2008
Unbilled costs and profits incurred to date*	$ 44,637	$ 30,623
Unapproved change orders	32,683	16,401
Claims	68,358	68,682
	$ 145,678	$ 115,706

* Represents the excess of contract costs and profits recognized to date on the percentage of completion accounting method over the amount of contract billings to date on certain contracts.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2009, 2008 and 2007 (continued)

[1] Summary of Significant Accounting Policies (continued)

(d) Method of Accounting for Contracts (continued)
Of the balance of “Unapproved change orders” and “Claims” included above in costs and estimated earnings in excess of billings at December 31, 2009 and December 31, 2008, approximately $62.7 million and $56.6 million, respectively, are amounts subject to pending litigation or dispute resolution proceedings as described in Note 9. These amounts are management’s estimate of the probable cost recovery from the disputed claims considering such factors as evaluation of entitlement, settlements reached to date and experience with the customer. In the event that future facts and circumstances, including the resolution of disputed claims, cause a reduction in the aggregate amount of the estimated probable cost recovery from the disputed claims, the amount of such reduction will be recorded against earnings in the relevant future period.

The prerequisite for billing “Unbilled costs and profits incurred to date” is provided in the defined billing terms of each of the applicable contracts. The prerequisite for billing “Unapproved change orders” or “Claims” is the final resolution and agreement between the parties. The amount of costs and estimated earnings in excess of billings at December 31, 2009 estimated by management to be collected beyond one year is approximately $30.0 million.

(e) Property and Equipment
Land, buildings and improvements, construction and computer-related equipment and other equipment are recorded at cost. Major renewals and betterments are capitalized and maintenance and repairs are charged to operations as incurred. Depreciation is calculated primarily using the straight-line method for all classifications of depreciable property. Construction equipment is depreciated over estimated useful lives ranging from five to twenty years after an allowance for salvage. The remaining depreciable property is depreciated over estimated useful lives ranging from three to forty years after an allowance for salvage.

(f) Long-Lived Assets
Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Recoverability is evaluated by comparing the carrying value of the assets to the undiscounted associated cash flows. When this comparison indicates that the carrying value of the asset is greater than the undiscounted cash flows, a loss is recognized for the difference between the carrying value and estimated fair value. Fair value is determined based either on market quotes or appropriate valuation techniques.

(g) Goodwill and Intangible Assets
Goodwill and intangible assets with indefinite lives are not being amortized. Intangible assets with finite lives are amortized over their useful lives. The Company evaluates intangible assets that are not being amortized at the end of each reporting period to determine whether events and circumstances continue to support an indefinite useful life.

The Company tests goodwill and intangible assets with indefinite lives for impairment by applying a fair value test in the fourth quarter of each year and between annual tests if events occur or circumstances change which suggest that the goodwill or intangible assets should be evaluated. Intangible assets with finite lives are tested for impairment whenever events or circumstances indicate that the carrying value may not be recoverable. Based on impairment tests completed in 2009, 2008 and 2007, the Company concluded that goodwill and certain other intangible assets were impaired in 2008 and were not impaired in 2009 and 2007. See Note 4 for further information regarding the impairment loss recorded in 2008.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2009, 2008 and 2007 (continued)

[1] Summary of Significant Accounting Policies (continued)

(h) Income Taxes
Deferred income tax assets and liabilities are recognized for the effects of temporary differences between the financial statement carrying amounts and the income tax basis of assets and liabilities using tax rates expected to be in effect when such differences reverse. In addition, future tax benefits, such as non-deductible accrued expenses, are recognized to the extent such benefits are more likely than not to be realized as an economic benefit in the form of a reduction of income taxes in future years. The Company recognizes interest and penalties related to uncertain tax positions as a component of the income tax provision.

(i) Earnings (Loss) Per Common Share
Basic earnings (loss) per common share was computed by dividing net income (loss) by the weighted average number of common shares outstanding. Diluted earnings (loss) per common share was similarly computed after giving consideration to the dilutive effect of outstanding stock options, warrants and restricted stock units.

The computation of diluted income per common share excludes 610,000 stock options at December 31, 2009 because the awards would have an antidilutive effect. There were 841,500 antidilutive stock options and 1,797,501 antidilutive restricted stock units excluded from the computation of diluted loss per common share at December 31, 2008. There were no antidilutive stock options or restricted stock units at December 31, 2007.

(j) Cash and Cash Equivalents
Cash equivalents include short-term, highly liquid investments with original maturities of three months or less when acquired.

Cash and cash equivalents as reported in the accompanying Consolidated Balance Sheets consist of amounts held by the Company that are available for general corporate purposes and the Company’s proportionate share of amounts held by construction joint ventures that are available only for joint venture-related uses. Joint venture cash and cash equivalents are not restricted to specific uses within those entities; however, the terms of the joint venture agreements limit the ability to distribute those funds and use them for corporate purposes. Cash held by construction joint ventures is distributed from time to time to the Company and to the other joint venture participants in accordance with their percentage interest after the joint venture partners determine that a cash distribution is prudent. Cash distributions received by the Company from its construction joint ventures are then available for general corporate purposes.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2009, 2008 and 2007 (continued)

[1] Summary of Significant Accounting Policies (continued)

(j) Cash and Cash Equivalents (continued)
At December 31, 2009 and 2008, cash and cash equivalents consisted of the following (in thousands):

		2009		2008
Corporate cash and cash equivalents (available for general corporate purposes)	$	323,867	$	342,246
Company's share of joint venture cash and cash equivalents (available only for joint venture purposes, including future distributions)		24,442		43,926
	$	348,309	$	386,172

(k) Long-term Investments
Investments, consisting of auction rate securities, are classified as available-for-sale securities based on the Company's intentions. Investments are recorded at cost with unrealized gains and temporary unrealized losses recorded in accumulated other comprehensive income (loss), net of applicable taxes. Upon realization, those amounts are reclassified from accumulated other comprehensive income (loss) to other income, net. Unrealized losses that are other than temporary and due to a decline in expected cash flows are charged against income.

(l) Stock-Based Compensation
Compensation expense is measured based on the fair value of the award on the date of grant and is recognized as expense on a straight-line basis (net of estimated forfeitures) over the requisite service period. For awards which have a performance component, compensation cost is recognized as achievement of the performance objective appears probable.

(m) Insurance Liabilities
The Company typically utilizes third party insurance coverage subject to varying deductible or self insurance levels with aggregate caps on losses retained. The Company assumes the risk for the amount of the self-insured deductible portion of the losses and liabilities primarily associated with workers' compensation and general liability coverage. In addition, on certain projects, the Company assumes the risk for the amount of the self-insured deductible portion of losses that arise from any subcontractor defaults. Losses are accrued based upon the Company's estimates of the aggregate liability for claims incurred using historical experience and certain actuarial assumptions followed in the insurance industry. The estimate of insurance liability within the self-insured deductible limits includes an estimate of incurred but not reported claims based on data compiled from historical experience.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2009, 2008 and 2007 (continued)

[1] Summary of Significant Accounting Policies (continued)

(n) Fair Value of Financial Instruments
The carrying amount of cash and cash equivalents approximates fair value due to the short-term nature of these items. The carrying value of receivables, payables and other amounts arising out of normal contract activities, including retentions, which may be settled beyond one year, is estimated to approximate fair value. See Note 3 for disclosure of the fair value of investments and Note 5 for disclosure of the fair value of long-term debt.

(o) Foreign Currency Translation
The functional currency for the Company's foreign subsidiaries is the local currency. Accordingly, the assets and liabilities of those operations are translated into U.S. dollars using current exchange rates at the balance sheet date and operating statement items are translated at average exchange rates prevailing during the period. The resulting cumulative translation adjustment is recorded in the foreign currency translation adjustment account as part of accumulated other comprehensive income (loss) in shareholders' equity. Foreign currency transaction gains and losses, if any, are included in operations as they occur.

(p) Reclassifications
Certain prior year amounts have been reclassified to be consistent with the current year classifications, including short term investments that were reclassified from Short Term Investments to Other Current Assets in the Consolidated Balance Sheets.

(q) New Accounting Pronouncements
In September 2006, the Financial Accounting Standards Board ("FASB") issued guidance which clarifies the definition of fair value, describes methods used to appropriately measure fair value, and expands fair value disclosure requirements. This guidance applies under other accounting pronouncements that currently require or permit fair value measurements. The Company adopted this guidance on January 1, 2008, as required. In February 2008, the FASB issued a staff position which amends the fair value guidance by delaying its effective date by one year for non-financial assets and non-financial liabilities, except for items that are recognized or disclosed at fair value in the financial statements on a recurring basis. Therefore, the application of the fair value guidance relating to non-financial assets and non-financial liabilities of the Company was adopted on January 1, 2009. See Note 3 for additional information.

In December 2007, the FASB issued new guidance on business combinations. The new standard provides revised guidance on how an acquirer of a business recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree. This guidance also provides direction for recognizing and measuring the goodwill acquired in the business combination and determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. It was effective for the Company beginning January 1, 2009 and the Company applied the provisions of this guidance to an acquisition completed in January 2009 (see Note 2).

In March 2008, the FASB issued guidance regarding disclosures about derivative instruments and hedging activities. This guidance was effective for the Company on January 1, 2009 and applies only to financial statement disclosures. The adoption of this guidance did not have a material impact on its consolidated financial statements and related disclosures.

In December 2008, the FASB issued a staff position which requires employers to disclose information about fair value measurements of defined benefit plan assets that are similar to the disclosures about fair value measurements required by the new fair value guidance. It is effective for the Company’s 2009 annual financial statements. Since

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2009, 2008 and 2007 (continued)

[1] Summary of Significant Accounting Policies (continued)

(q) New Accounting Pronouncements (continued)
the staff position only requires enhanced disclosures, the implementation of this guidance did not have an impact on the Company’s financial statements.

In April 2009, the FASB issued a staff position providing additional guidance on factors to consider in determining whether a transaction is orderly when the volume and level of market activity for an asset or liability have significantly decreased. It was effective for the Company beginning April 1, 2009. The staff position affirms that the objective of fair value when the market for an asset is not active is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. It applies to all fair value measurements when appropriate. The adoption of this guidance did not have a material impact on the Company’s financial statements.

In April 2009, the FASB issued a staff position amending existing guidance for determining whether an other-than-temporary impairment of debt securities has occurred. Among other changes, the FASB replaced the existing requirement that an entity’s management assert it has both the intent and ability to hold an impaired security until recovery with a requirement that management assert (a) it does not have the intent to sell the security, and (b) it is more likely than not it will not have to sell the security before recovery of its cost basis. The Company adopted the provisions of the staff position beginning April 1, 2009. The adoption of this guidance did not have a material impact on the Company’s financial statements.

In April 2009, the FASB issued a staff position requiring fair value disclosures in both interim and annual financial statements. The Company adopted the provisions of the staff position beginning April 1, 2009. Other than the required disclosures, the adoption of this guidance did not have a material impact on the Company’s financial statements. See Note 5 for disclosure of fair value measurements.

In July 2009, the FASB Accounting Standards Codification (“ASC”) was issued and became the single official source of authoritative, nongovernmental U.S. Generally Accepted Accounting Principles (“GAAP”). The historical GAAP hierarchy was eliminated and the ASC became the only level of authoritative GAAP. All other literature not included in the codification will be considered non-authoritative. ASC is effective for financial statements issued for interim and annual periods ending after September 15, 2009. The implementation of the ASC did not have a material impact on the Company’s financial statements or disclosures.

[2] Merger & Acquisition

On January 15, 2009 the Company completed its acquisition of all of the outstanding capital stock of Daniel J. Keating Construction Company, d/b/a Keating Building Company (“Keating”), for total consideration of $51.1 million. Keating provides building construction general contracting services to both government agencies and private non-residential customers. Keating primarily operates in the northeast and mid-Atlantic regions of the United States and has a history of successfully completed projects in the commercial office building, corporate campus, gaming, hospitality, education, pharmaceutical and institutional building construction markets. Goodwill of $14.3 million was recorded in conjunction with this acquisition. The acquisition of Keating did not have a material effect on the Company’s results of operations, financial condition or cash flows.

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[3] Fair Value Measurements

The fair value guidance establishes a three-tier hierarchy for disclosure of investments at fair value. This hierarchy prioritizes the inputs used to measure fair value and expands disclosures about assets and liabilities measured at fair value. A financial asset's or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement. These hierarchical tiers are defined as follows:

Level 1 – inputs are unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 – inputs are other than quoted prices in active markets that are either directly or indirectly observable through market corroboration.

Level 3 – inputs are unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions based on the best information available in the circumstances.

The Company's investments primarily consist of cash and cash equivalents and auction rate securities ("ARS"). Cash and cash equivalents consist primarily of money market funds with original maturity dates of three months or less, for which fair value is determined through quoted market prices. Short-term investments consist of an S&P 500 index mutual fund for which fair value is determined through quoted market prices.

To estimate the fair value of its ARS, the Company utilized an income approach valuation model which considered, among other items, the following inputs: (i) the underlying structure of each security; (ii) the present value of future principal and interest payments discounted at rates considered to reflect current market conditions; and (iii) consideration of the probabilities of default or repurchase at par for each period.

At December 31, 2009, the Company had $101.2 million invested in ARS which the Company considers available for sale. The majority of the ARS held at December 31, 2009, totaling $75.3 million, are securities collateralized by student loan portfolios, which are guaranteed by the United States government. Additional amounts totaling $17.9 million are invested in securities collateralized by student loan portfolios, which are privately insured. The remainder of the securities, totaling $8.0 million, are invested in tax-exempt bonds. Most of the Company's ARS are rated AAA or AA. Due to the Company's belief that the market for both government-backed and privately insured student loans, as well as for tax-exempt municipal bonds, may take in excess of twelve months to fully recover, the Company has classified its $101.2 million investment in these securities as non-current and this amount is included in Long-term Investments in the Consolidated Balance Sheets at December 31, 2009.

As a result of a fair valuation analysis, the Company recorded a pretax impairment charge of $5.8 million during 2008. Of this $5.8 million impairment charge, $2.6 million was deemed to be other-than-temporary and was recorded as a charge against income. The $3.2 million balance of the impairment charge was deemed to be temporary and was recorded as a charge to stockholders' equity. The securities were not deemed to be impaired at December 31, 2009.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2009, 2008 and 2007 (continued)

[3] Fair Value Measurements (continued)

The following table provides the assets and liabilities carried at fair value measured on a recurring basis as of December 31, 2009 (in thousands):

	Fair Value Measurements at Dec. 31, 2009 Using			
	Total Carrying Value at Dec. 31, 2009	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Cash and cash equivalents	$ 348,309	$ 348,309	$ -	$ -
Short-term investments	76	76	-	-
Auction rate securities	101,201	-		101,201
TOTAL	$ 449,586	$ 348,385	$ -	$ 101,201

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) are as follows (in thousands):

	Auction Rate Securities
Balance at December 31, 2008	$ 103,429
Settlements	(2,228)
Balance at December 31, 2009	$ 101,201

[4] Goodwill and Other Intangible Assets

During 2009, the Company completed a reorganization enabling the Company to realize greater operating efficiencies and take full advantage of the civil construction expertise acquired through the merger with Tutor-Saliba. As a result of the reorganization, the composition and number of reporting units has changed. The Company reallocated goodwill between its reorganized reporting units based on the relative fair value of pre-reorganization reporting unit components distributed to post-reorganization reporting units. The number of reportable segments has not changed (see Note 13). Changes in the carrying amount of goodwill during 2009 and 2008 are as follows (in thousands):

	Building	Civil	Management Services	Total
Gross goodwill, December 31, 2008	$605,314	$ 83,163	$ 66,533	755,010
Accumulated impairment	(146,847)	-	(20,051)	(166,898)
Balance at December 31, 2008	458,467	83,163	46,482	$ 588,112
Goodwill recorded in connection with the acquisition of Keating	14,359	-	-	14,359
Subtotal	472,826	83,163	46,482	602,471
Reallocation based on relative fair value	(217,929)	217,824	105	-
Balance at December 31, 2009	$254,897	$ 300,987	$ 46,587	$ 602,471

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[4] Goodwill and Other Intangible Assets (continued)

The Company performs its annual impairment test of goodwill and other indefinite-lived intangible assets in the fourth quarter of each year. The first step in the two step process is to compare the fair value of the reporting unit to its carrying value. If the carrying value of the reporting unit exceeds its fair value, a second step must be followed to calculate the goodwill impairment. The second step involves determining the fair value of the individual assets and liabilities of the reporting unit and calculating the implied fair value of goodwill. To determine the fair value of its reporting units, the Company uses the income approach, which is based on the cash flows that the reporting unit expects to generate in the future. This income valuation method requires management to project revenues, operating expenses, working capital investment, capital spending and cash flows for the reporting unit over a multi-year period, as well as determine the weighted-average cost of capital to be used as a discount rate. The Company also uses the market valuation method to estimate the fair value of its reporting units by utilizing industry multiples of operating earnings. Impairment assessment inherently involves management judgments as to assumptions used to project these amounts and the impact of market conditions on those assumptions.

In the fourth quarter of 2009, the Company performed its impairment evaluation of goodwill and other intangible assets. There was no change in the carrying amount of goodwill and other intangible assets as a result of this evaluation.

In 2008, the Company recorded an impairment to goodwill of approximately $166.9 million. The Company also recorded impairment charges of $57.6 million ($35.9 million after taxes) related to the trade names and contractor license. The impairment charges were due to degradation in the timing of cash flows caused by delays, postponements and reduction in scope of certain projects that were anticipated to enter into backlog in 2008 or 2009, exacerbated by the global economic conditions experienced in the fourth quarter of 2008. These non-cash impairment charges relating to goodwill and the other indefinite-lived intangible assets do not affect the Company's cash position, liquidity or have any impact on future operating results. The Company also evaluated its finite-lived intangible assets for impairment in 2008, and determined that an impairment of the finite-lived intangible assets did not exist.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the years Ended December 31, 2009, 2008 and 2007 (continued)

[4] Goodwill and Other Intangible Assets (continued)

Other intangible assets consist of the following (in thousands):

	December 31, 2009				
	Cost	Accumulated Amortization	Accumulated Impairment Charge	Carrying Value	Weighted Average Amortization Period
Trade names	$ 153,050	$ -	$ (56,900)	$ 96,150	Indefinite
Contractor license	6,000	-	(680)	5,320	Indefinite
Customer relationships	31,700	(4,243)	-	27,457	11.8 years
Construction contract backlog	33,340	(28,300)	-	5,040	2.5 years
Non-compete agreements	2,400	(2,040)	-	360	5 years
Total	$ 226,490	$ (34,583)	$ (57,580)	$ 134,327	

	December 31, 2008				
	Cost	Accumulated Amortization	Accumulated Impairment Charge	Carrying Value	Weighted Average Amortization Period
Trade names	$ 140,350	$ -	56,900)	$ 83,450	Indefinite
Contractor license	6,000	-	(680)	5,320	Indefinite
Customer relationships	26,700	(1,373)	-	25,327	12.7 years
Construction contract backlog	25,040	(14,951)	-	10,089	2.3 years
Non-compete agreements	2,400	(1,560)	-	840	5 years
Total	$ 200,490	$ (17,884)	$ (57,580)	$ 125,026	

Amortization expense for the years ended December 31, 2009 and 2008 totaled $16.7 million and $14.6 million, respectively. At December 31, 2009, amortization expense is estimated to be $7.8 million in 2010, $3.3 million in 2011, and $2.9 million in 2012, 2013 and 2014.

[5] Financial Commitments

Long-term Debt

Long-term debt at December 31, 2009 and 2008 consists of the following (in thousands):

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2009, 2008 and 2007 (continued)

[5] Financial Commitments (continued)

	2009	2008
Equipment financing at rates ranging from 2.33% to 7.95%	$37,486	$49,021
Loan on transportation equipment at a rate of 6.44% payable in equal monthly installments over a five year period, with a balloon payment of $29.3 million in 2014	34,398	-
Loan on transportation equipment at a variable LIBOR-based rate plus 2.4% payable in equal monthly installments over a seven year period, with a balloon payment of $12.0 million in 2015	16,044	16,661
Mortgage on land and office building, both at a variable LIBOR-based interest rate plus 2.0% with principal amortized at a fixed rate of 5.25% payable in equal monthly installments over seven and fifteen year periods, respectively. The seven year mortgage includes a balloon payment of $3.0 million in 2016	9,383	-
Mortgage on office building at a rate of 8.96% payable in equal monthly installments over a ten year period, with a balloon payment of approximately $5.3 million in 2010	5,560	5,855
Mortgage on office building at a variable rate of lender's prime rate less 1.0% (1.25% in 2009) payable in equal monthly installments over a ten year period, with a balloon payment of $2.6 million in 2018	4,646	4,843
Mortgage on office building at a rate of 7.16% payable in equal monthly installments over a five year period, with a balloon payment of $1.5 million in 2011	1,614	1,665
Mortgage on office building at a rate of 5.62% payable in equal monthly installments over a five year period, with a balloon payment of $1.1 million in 2013	1,331	1,397
Other Indebtedness	5,643	812
Total	116,105	80,254
Less – current maturities	31,334	18,674
Net long-term debt	$84,771	$61,580

Payments required under these obligations amount to approximately $31.3 million in 2010, $15.5 million in 2011, $8.6 million in 2012, $5.5 million in 2013, $32.0 million in 2014 and $23.2 million in 2015 and beyond.

On September 8, 2008, the Company entered into a Third Amended and Restated Credit Agreement (the "Credit Agreement") with Bank of America, N. A.. The Credit Agreement has been amended by a Joinder Agreement dated February 13, 2009 executed by Daniel J. Keating Construction Company and by a First Amendment dated as of February 23, 2009 (collectively, the "Amended Credit Agreement"). The Amended Credit Agreement replaces the Company's previously existing credit agreement dated February 22, 2007, as amended on May 7, 2008 (the "Prior Agreement") and allows the Company to borrow up to $155 million on a revolving credit basis, with a $50 million sublimit for letters of credit, and an additional $107.0 million at December 31, 2009 under a supplementary facility to the extent that the $155 million base facility has been fully drawn "Supplementary Facility".

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2009, 2008 and 2007 (continued)

[5] Financial Commitments (continued)

Subject to certain conditions, the Company has the option to increase the base facility by up to an additional $45 million. Similar to the Prior Agreement, subsidiaries of the Company unconditionally guarantee the obligations of the Company under the Amended Credit Agreement. Certain companies not party to the Prior Agreement, have become subsidiaries of the Company as a result of the acquisition of Tutor-Saliba on September 8, 2008 and Daniel J. Keating Construction Company on January 15, 2009, and also became guarantors under the Amended Credit Agreement. The obligations under the Amended Credit Agreement are secured by a lien on all personal property and certain real property of the Company and its subsidiaries party thereto. Amounts outstanding under the Amended Credit Agreement bear interest at a rate equal to, at the Company's option, (a) the adjusted British Bankers Association LIBOR rate, as defined, plus 100 to 350 basis points (with a floor of 250 basis points for the $155 million base facility) based on the ratio of consolidated funded indebtedness of the Company and its subsidiaries to consolidated EBITDA or (b) the higher of the Federal Funds Rate plus 50 basis points, or the prime rate announced by Bank of America, N.A., plus up to 250 basis points based on the ratio of consolidated funded indebtedness of the Company and its subsidiaries to consolidated EBITDA. In addition, the Company has agreed to pay quarterly facility fees of 0.50% per annum of the unused portion of the base credit facility and ranging from 0.20% to 0.35% per annum of the unused portion of the supplementary facility. Any outstanding loans under the revolving credit facility and supplementary facility mature on February 22, 2012 and December 31, 2010, respectively, unless extended pursuant to the terms of the Amended Credit Agreement.

The Amended Credit Agreement requires the Company to comply with certain financial and other covenants including minimum net worth, minimum asset coverage, minimum fixed charge coverage and maximum leverage ratios. The Amended Credit Agreement also includes certain customary provisions for this type of facility, including operational covenants restricting liens, investments, indebtedness, fundamental changes in corporate organization, and dispositions of property, and events of default, certain of which include corresponding grace periods and notice requirements. In addition, the Amended Credit Agreement provides that the Supplementary Facility shall be reduced by the amount of any reduction in the principal amount of certain auction rate securities presently held by the Company.

On January 13, 2010, the Amended Credit Agreement was amended to increase the Company’s borrowing capacity by $50 million, allowing the Company to borrow up to $205 million on a revolving credit basis and to favorably modify certain financial and other covenants, including setting the net worth covenant at $1.1 billion as of December 31, 2009. There has been no change to the Supplementary Facility as a result of this amendment.

The Company borrowed under its available revolving credit facilities during a brief period in 2009 and did not utilize the facility during 2008, other than for letters of credit. There are no borrowings outstanding at December 31, 2009. Accordingly, at December 31, 2009, the Company has $241.6 million available to borrow under the Amended Credit Agreement.

In July 2009, the Company obtained a loan for $35 million from U.S. Bancorp Equipment Finance, Inc., which is collateralized by transportation equipment owned by the Company. The terms of the loan include equal monthly installments at an interest rate of 6.44% payable over a five-year period beginning in July 2009, with a balloon payment of $29.3 million in 2014.

In addition, the Company obtained two loans during 2009 totaling $9.7 million from First Hawaiian Bank to finance building and land acquisition for operations in Guam. Both notes carry interest at a LIBOR-based rate and mature on February 12, 2016.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2009, 2008 and 2007 (continued)

[5] Financial Commitments (continued)

The fair value of the $31.1 million and $4.8 million of variable rate debt approximated its carrying value at December 31, 2009 and December 31, 2008, respectively. For fixed rate debt, fair value is determined based on discounted cash flows for the debt at the Company's current incremental borrowing rate for similar types of debt. The estimated fair value of fixed rate debt at December 31, 2009 and 2008 is $87.0 million and $76.8 million, respectively, compared to the carrying amount of $85.0 million and $75.5 million, respectively.

Leases

The Company leases certain construction equipment, vehicles and office space under non-cancelable operating leases. Future minimum rent payments under non-cancelable operating leases as of December 31, 2009 are as follows (in thousands):

		Amount
2010	$	10,277
2011		7,951
2012		6,536
2013		6,092
2014		5,896
Thereafter		11,697
Subtotal		48,449
Less - Sublease rental agreements		(149)
Total	$	48,300

Rental expense under operating leases of construction equipment, vehicles and office space was $13,199 in 2009, $10,498 in 2008 and $7,492 in 2007.

[6] Income Taxes

For the years ended December 31, 2009, 2008 and 2007, the income (loss) before taxes, consists of the following (in thousands):

	U.S. Operations	Foreign Operations	Total
2009	$196,088	$9,052	$205,140
2008	(3,734)	(16,116)	(19,850)
2007	154,395	-	154,395

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2009, 2008 and 2007 (continued)

[6] Income Taxes (continued)

The provision for income taxes consists of the following (in thousands):

	Federal	State	Foreign	Total
2009				
Current	$65,822	$9,737	$3,061	$78,620
Deferred	(11,139)	506	92	(10,541)
	$54,683	$10, 243	$3,153	$68,079
2008				
Current	$54,811	$7,174	$1,289	$63,274
Deferred	(7,732)	(479)	227	(7,984)
	$47,079	$6,695	$1,516	$55,290
2007				
Current	$61,198	$6,751	$-	$67,949
Deferred	(9,593)	(1,075)	-	(10,668)
	$51,605	$5,676	$-	$57,281

The table below reconciles the difference between the statutory federal income tax rate and the effective rate provided for income (loss) before income taxes in the Consolidated Statements of Operations.

	2009	2008	2007
Statutory federal income tax rate	35.0%	35.0%	35.0%
State income taxes, net of federal tax benefit	3.2	(24.0)	2.6
Officer's Compensation	0.3	(6.6)	-
Impairment of goodwill and other intangible assets	-	(294.3)	-
Other	(5.3)	11.4	(0.5)
Effective tax rate	33.2%	(278.5)	37.1%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2009, 2008 and 2007 (continued)

[6] Income Taxes (continued)

The following is a summary of the significant components of the deferred tax assets and liabilities as of December 31, 2009 and 2008 (in thousands):

	2009	2008
Deferred Tax Assets		
Timing of expense recognition	$43,312	$34,898
Construction contract accounting	-	1,002
Other, net	(35)	2,384
Deferred tax assets	43,277	38,284
Deferred Tax Liabilities		
Intangible assets, due primarily to purchase accounting	(55,231)	(57,894)
Fixed assets, due primarily to purchase accounting	(51,125)	(38,906)
Construction contract accounting	(13,707)	(22,169)
Joint ventures - construction	(360)	(3,987)
Other	(461)	(2,601)
Deferred tax liabilities	(120,884)	(125,557)
Net deferred tax liability	$(77,607)	$(87,273)

The net deferred tax liability as of December 31, 2009 and 2008 is classified in the Consolidated Balance Sheets based on when the future benefit (expense) is expected to be realized as follows (in thousands):

	2009	2008
Current deferred tax asset	$ 1,370	$ 11,589
Long-term deferred tax liability	(78,997)	(98,862)
	$ (77,607)	$ (87,273)

No valuation allowance for deferred tax assets was recorded at December 31, 2009 since the Company believes it is more likely than not that all of the deferred tax assets will be realized because they would be recoverable from taxes paid in prior years.

In general, it is the practice and intention of the Company to reinvest the earnings of its non-U.S. subsidiaries in those operations. Generally, such amounts become subject to U.S. taxation upon the remittance of dividends and under certain other circumstances. As of December 31, 2009, unremitted earnings of foreign subsidiaries, which have been or are intended to be permanently invested, aggregated approximately $16.0 million. It is not practicable to estimate the amount of deferred tax liability related to investments in these foreign subsidiaries.

The Company identified and reviewed potential tax uncertainties and determined that the exposure to those uncertainties did not have a material impact on the Company's results of operations or financial condition as of December 31, 2009 and 2008.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2009, 2008 and 2007 (continued)

[7] Other Assets, Other Long-term Liabilities and Other Income, Net

Other Assets, Other Long-term Liabilities and Other Income, Net consist of the following (in thousands):

Other Assets

	2009	2008
Mineral reserves	$ 12,814	$ 12,850
Deposits	3,090	-
Deferred expenses	1,903	1,432
Other long term sale	1,473	1,556
Land held for sale	-	543
	$ 19,280	$ 16,381

Other Long-term Liabilities

	2009	2008
Pension liability	$ 20,590	$ 27,829
Mineral royalties payable	11,325	11,360
Deferred purchase price	11,200	8,000
Subcontractor insurance program	7,787	36,558
Employee benefit related liabilities	2,053	2,211
Deferred lease incentive	1,697	1,726
Other	2,392	1,475
	$ 57,044	$ 89,159

Other (Expense) Income, Net

	2009	2008	2007
Interest income	$ 4,666	$ 12,898	$ 13,811
Gain (loss) from land sales, net	(340)	(638)	566
Adjustment of investments to fair value	39	(2,721)	-
Gain on sale of property used in operations	157	1,617	1,585
Bank fees	(1,494)	(1,093)	(683)
Miscellaneous income (expense), net	(1,930)	(504)	82
	$ 1,098	$ 9,559	$ 15,361

[8] Employee Benefit Plans

The Company has a defined benefit pension plan that covers certain of its executive, professional, administrative and clerical employees, subject to certain specified service requirements. The plan is noncontributory and benefits are based on an employee's years of service and "final average earnings", as defined. The plan provides reduced benefits for early retirement and takes into account offsets for social security benefits. The Company also has an unfunded supplemental retirement plan ("Benefit Equalization Plan") for certain employees whose benefits under the defined

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2009, 2008 and 2007 (continued)

[8] Employee Benefit Plans (continued)

benefit pension plan were reduced because of compensation limitations under federal tax laws. Effective June 1, 2004, all benefit accruals under the Company's pension plan and Benefit Equalization Plan were frozen; however, the current vested benefit was preserved. Pension disclosure as presented below includes aggregated amounts for both of the Company's plans, except where otherwise indicated.

The Company historically has used the date of its fiscal year-end as its measurement date to determine the funded status of the plan.

Net periodic benefit cost for 2009, 2008 and 2007 is as follows (in thousands):

	2009	2008	2007
Interest cost on projected benefit obligation	$ 4,676	$ 4,658	$ 4,490
Expected return on plan assets	(4,871)	(4,799)	(4,536)
Amortization of net loss	1,776	1,468	2,261
Net periodic benefit cost	$ 1,581	$ 1,327	$ 2,215
Actuarial assumptions used to determine net cost:			
Discount rate	6.29 %	6.41 %	5.86 %
Expected return on assets	7.50 %	7.50 %	7.50 %
Rate of increase in compensation	n.a.	n.a.	n.a.

The expected long-term rate of return on assets assumption will remain at 7.50% for 2010. The expected long-term rate of return on assets assumption was developed considering forward looking capital market assumptions and historical return expectations for each asset class assuming the Company's target asset allocation and full availability of invested assets.

The target asset allocation for the Company's pension plan by asset category for 2010 and the actual asset allocation at December 31, 2009 and 2008 by asset category are as follows:

	Percentage of Plan Assets at December 31,		
Asset Category	Target Allocation 2010	2009	2008
Equity securities:			
Domestic	60.0%	58.6%	65.8%
International	15.0	14.2	14.7
Fixed income securities	25.0	27.2	19.5
Total	100.0%	100.0%	100.0%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2009, 2008 and 2007 (continued)

[8] Employee Benefit Plans (continued)

The target asset allocation was established to attempt to maximize returns with consideration of the long-term nature of the obligations and to reduce the level of overall market volatility through the allocation to fixed income investments. During the year, the asset allocation is reviewed for adherence to the target asset allocation and the portfolio of investments is rebalanced periodically.

International investments consist primarily of large capitalization equities for which fair value is determined using quoted market prices. During 2007, the domestic equity portfolio was transferred to funds of hedge funds, with the goal of generating returns in excess of traditional equity funds. As of December 31, 2009 and 2008, plan assets included approximately $33.8 million and $30.3 million, respectively, of investments in funds of hedge funds which do not have readily determinable fair values. The underlying holdings of the funds are comprised of a combination of assets for which the estimate of fair value is determined using information provided by fund managers. The fixed income allocation comprises a high yield mutual fund which invests primarily in corporate bonds with an average rating of B for which fair value is determined using quoted market prices.

The Company expects to contribute approximately $3.0 million to its defined benefit pension plan in 2010.

Future benefit payments under the plans are estimated as follows (in thousands):

	Amount
2010	$5,123
2011	5,203
2012	5,295
2013	5,478
2014	5,632
2015 - 2019	29,672

The following tables provide a reconciliation of the changes in the fair value of plan assets and plan benefit obligations during the two-year period ended December 31, 2009, and a summary of the funded status as of December 31, 2009 and 2008 (in thousands):

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2009, 2008 and 2007 (continued)

[8] Employee Benefit Plans (continued)

Change in Fair Value of Plan Assets	2009	2008
Balance at beginning of year	$ 46,082	$ 66,343
Actual return on plan assets	9,247	(19,265)
Company contribution	6,949	3,344
Benefit payments	(4,563)	(4,340)
Balance at end of year	$ 57,715	$ 46,082

Change in Benefit Obligations		
Balance at beginning of year	$ 76,350	$ 74,638
Interest cost	4,676	4,658
Actuarial loss (gain)	4,134	1,394
Benefit payments	(4,563)	(4,340)
Balance at end of year	$ 80,597	$ 76,350
	&#	