

TUTOR PERINI Corp
Form 10-K
February 26, 2015

FORM 10-K

United States Securities and Exchange Commission

Washington, DC 20549

(Mark One)

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

For the fiscal year ended December 31, 2014.

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

For the transition period from-to-

Commission File No. 1-6314

Tutor Perini Corporation

(Exact name of registrant as specified in its charter)

Massachusetts 04-1717070
(State of Incorporation) (IRS Employer Identification No.)

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15901 Olden Street, Sylmar, California 91342
(Address of principal executive offices) (Zip Code)

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

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

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

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

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

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

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 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

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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 Non-accelerated filer Smaller reporting company

(Do not check if a 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

The aggregate market value of voting Common Stock held by non-affiliates of the registrant was \$1,211,384,936 as of June 28, 2014, 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 20, 2015 was 48,671,492.

Documents Incorporated by Reference

Portions of the definitive proxy statement relating to the registrant's annual meeting of stockholders are incorporated by reference into Part III of this Annual Report on Form 10-K

TUTOR PERINI CORPORATION

2014 ANNUAL REPORT ON FORM 10-K

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PART I.

Forward-looking Statements

The statements contained in this Annual Report on Form 10-K that are not purely historical are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, including without limitation, statements regarding our management's expectations, hopes, beliefs, intentions or strategies regarding the future and statements regarding future guidance or estimates and non-historical performance. These forward-looking statements are based on our current expectations and beliefs concerning future developments and their potential effects on us. Our expectations, beliefs and projections are expressed in good faith and we believe there is a reasonable basis for them. There can be no assurance that future developments affecting us will be those that we have anticipated. These forward-looking statements involve a number of risks, uncertainties (some of which are beyond our control) or other assumptions that may cause actual results or performance to be materially different from those expressed or implied by such forward-looking statements. These risks and uncertainties are listed and discussed in Item 1A. Risk Factors, below. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

ITEM 1. BUSINESS

General

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

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

During 2014, we performed work on more than 1,500 construction projects. Our corporate headquarters are in Sylmar, California, and we have various other principal office locations throughout the United States and certain U.S. territories (see Item 2. Properties for a listing of our major facilities). Our common stock is listed on the New York Stock Exchange under the symbol “TPC”. We are incorporated under the laws of the Commonwealth of Massachusetts.

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

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

In late 2010, we saw opportunities to continue to build our Company vertically and geographically through strategic acquisitions of companies which have demonstrated success in their respective markets. By the third quarter of 2011, we had completed the acquisition of seven companies with a combined backlog of \$2.6 billion at their respective acquisition dates. These acquisitions strengthened our geographic presence in our Building and Civil segments and also significantly increased our specialty contracting capabilities. In the third quarter of 2011, we completed an internal reorganization of our reporting segments with the creation of the Specialty Contractors segment, which we describe below. Furthermore, during the first quarter of 2014, we completed a

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reorganization which resulted in the elimination of the Management Services reporting unit and reportable segment. The Management Services reporting unit formerly consisted of two subsidiary companies, Black Construction and Perini Management Services, which have since been included in the Civil and Building segments, respectively. This reorganization was completed due to the Management Services unit no longer meeting the criteria set forth in FASB ASC Topic 280, "Segment Reporting".

We believe that the successful completion of our acquisition strategy has enabled us to realize cross-selling opportunities across an expanded geographic footprint, while continuing to focus on vertical integration through increased self-performed work capabilities, thus further improving profitability, and providing greater stability during economic cycles.

Business Segment Overview

Civil Segment

Our Civil segment specializes in public works construction and the repair, replacement and reconstruction of infrastructure across most of the major geographic regions of the United States. Our civil contracting services include construction and rehabilitation of highways, bridges, mass transit systems, and water management and wastewater treatment facilities.

The Civil segment is comprised of the Company's legacy heavy civil construction operations (civil operations of the former Perini Corporation and Tutor-Saliba, including Black Construction) and three companies described hereafter, which the Company acquired in 2011. Frontier-Kemper is a heavy civil contractor which builds tunnels for highways, railroads, subways, and rapid transit systems, as well as shafts and other facilities for water supply, wastewater transport, and hydroelectric projects. It also develops and equips mines with innovative hoisting, elevator, and vertical conveyance systems for the mining industry. Lunda Construction is a heavy civil contractor engaged in the construction, rehabilitation, and maintenance of bridges, railroads, and other civil structures in the Midwest and throughout the United States. Becho specializes in drilling, foundation, and excavation support for shoring, bridges, piers, roads and highway projects primarily in the southwestern U.S. We believe that the Company has benefitted through these acquisitions by allowing us to expand our geographic presence, enhance our civil construction capabilities, and add experienced management with a proven, successful track record.

Our customers primarily award contracts through one of two methods: the traditional public "competitive bid" method, in which price is the major determining factor, or through a request for proposals where contracts are awarded based on a combination of technical capability and price.

Traditionally, our Civil segment customers require each contractor to pre-qualify for construction business by meeting criteria that include technical capabilities and financial strength. Our financial strength and outstanding record of performance on challenging civil works projects often enables us to pre-qualify for projects in situations where smaller, less diversified contractors are unable to meet the qualification requirements. We believe this is a competitive advantage that makes us an attractive partner on the largest infrastructure projects and prestigious design-build, or DBOM (design-build-operate-maintain) contracts, which combine the nation's top contractors with engineering firms, equipment manufacturers, and project development consultants in a competitive bid selection process to execute highly sophisticated public works projects.

In its 2014 rankings, ENR ranked us as the nation's fifth largest contractor in the bridge market and the mass transit and rail market, sixth largest domestic contractor in heavy construction, eighth largest in the transportation market, ninth largest in airports, and tenth largest in highways and mining.

We believe the Civil segment provides significant opportunities for growth due to the age and condition of existing infrastructure coupled with large government funding sources aimed at the replacement and repair of aging U.S. infrastructure and popular, often bipartisan, support from voters and elected officials for infrastructure improvement programs. Funding for major civil infrastructure projects is typically provided through a combination of local, regional, state, and/or federal loans, grants, and other direct allocations sourced through tax revenues, bonds, and/or user fees. For example, the California High-Speed Rail project, with an estimated total cost of approximately \$67.5 billion, is being funded in its initial stages through more than \$3 billion of federal stimulus funds and \$9 billion of voter-approved bond funds. Additional funding will come from California's Cap and Trade proceeds and the private sector. The Federal Highway Trust Fund also provides funding for certain transportation projects. Some large civil projects also benefit from funding provided through alternative sources, such as public-private partnerships.

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. For example, we are currently working on the first segment of the California High-Speed Rail project; the Alaskan Way Viaduct Replacement (SR-99 bored tunnel) project in Seattle, Washington; the Third Street Light Rail — Central Subway project in San Francisco, California; the platform over the eastern rail yard and the Amtrak Tunnel at Hudson Yards in New York City; the Queens Plaza substation project in Queens, New York; the rehabilitation of the Verrazano-Narrows Bridge in New York; the I-5 Antlers Bridge replacement in Shasta County, California; the New Irvington Tunnel in Fremont, California; the Harold Structures mass transit

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project in Queens, New York; and the construction of express toll lanes along I-95 in Maryland. We have also performed runway widening and reconstruction projects at the John F. Kennedy International Airport in Queens, New York; the runway paving project at Andrews AFB in Maryland; the Caldecott Tunnel Fourth Bore project near Oakland, California; and various segments of the East Side Access project in New York.

Building Segment

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

The Building segment is comprised of the Company's legacy building construction operations (building operations of the former Perini Corporation and Tutor-Saliba, including Tutor Perini Building Corp., Rudolph and Sletten, and James A. Cummings, as well as Perini Management Services) and two companies described hereafter, which the Company acquired subsequent to the Tutor-Saliba merger in 2008. Keating Building Company is a construction management and design-build company with expertise in both private and public works building projects in the northeastern U.S. and Mid-Atlantic regions. Roy Anderson Corp. (formerly known as Anderson Companies) provides general contracting, design-build, preconstruction, construction management, and disaster rapid response services to public and private customers throughout the southeastern U.S. and has expertise in hospitality and gaming, commercial, government, healthcare, industrial and educational facilities. We believe that the Company has benefitted through these acquisitions by strengthening our positions in the eastern and southeastern United States, and we believe that our national resources and strong resume of notable projects will enable future growth potential for these companies on large, complex building projects.

In its 2014 rankings, ENR ranked us as the tenth largest general building contractor in the United States. Within the general building category, we were ranked as the third largest builder in the entertainment and casinos market, seventh largest in the multi-unit residential market, and eighth largest in the government offices market. We are a recognized leader in the hospitality and gaming market, specializing in the construction of high-end destination resorts and casinos and Native American developments. We work with hotel operators, Native American tribal councils, developers and architectural firms to provide diversified construction services to meet the challenges of new construction and renovation of hotel and resort properties. We believe that our reputation for completing projects on time is a significant competitive advantage in this market, as any delay in project completion could result in significant loss of revenues for the customer.

We have been awarded and have recently completed, or are currently working on, large public works and private building projects across a wide array of building end markets including multi-unit residential, healthcare, transportation, education, and entertainment, among others, including the Panorama Tower in Miami, Florida; the South Tower (“Tower C”) at Hudson Yards and the George Washington Bridge Bus Station redevelopment, both in New York City; the Washington Hospital expansion in Fremont, California; the Graton Rancheria Resort and Casino in Rohnert Park, California; the Chumash Casino Resort expansion in Santa Ynez, California; the Scarlet Pearl Casino Resort in D’Iberville, Mississippi; the Broadway Plaza retail development in Walnut Creek, California; the McCarran International Airport Terminal 3 in Las Vegas, Nevada; Kaiser Hospital Buildings in San Leandro and Redwood City, California; and courthouses in San Bernardino and San Diego, California and Broward County, Florida. As a result of our reputation and track record, we were awarded and have completed contracts for several marquee projects in the hospitality and gaming market, including the Resorts World New York Casino in Jamaica, New York, and Project CityCenter, The Cosmopolitan Resort and Casino, the Wynn Encore Hotel and the Planet Hollywood Tower, all in Las Vegas, Nevada. These projects span a wide array of building end markets, and they illustrate our Building segment’s resume of performance on large-scale public and private projects.

Specialty Contractors Segment

Our Specialty Contractors segment specializes in electrical, mechanical, plumbing, HVAC, fire protection systems, and pneumatically placed concrete for a full range of civil and building construction projects in the industrial, commercial, hospitality and gaming, and mass transit end markets, among others. This segment provides the Company with unique strengths and capabilities which position us as a full-service contractor with greater control over scheduled work, project delivery, and risk management.

The Specialty Contractors segment is comprised of the following operating units, which provide unique services in various regions of the United States:

- Five Star Electric provides electrical light, power, and low-voltage systems installation to a range of public and private sector customers in the New York City metropolitan area, including high-end residential, hotel and commercial towers, transportation, water treatment plants, schools and universities, and government facilities.

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- Fisk Electric covers many of the major commercial, transportation, and industrial electrical construction markets in the southwestern and southeastern U.S. with the ability to cover other attractive markets nationwide. Fisk's expertise is in the design and development of electrical and technology systems for major projects spanning a broad variety of project types, including commercial office buildings, sports arenas, hospitals, research laboratories, hospitality and casinos, convention centers, and industrial facilities.
- WDF, Nagelbush, and Desert Mechanical provide mechanical, plumbing, HVAC, and fire protection services to a range of customers in a wide variety of markets, including transportation, infrastructure, commercial, schools and universities, residential, and specialty construction. WDF services the New York City metropolitan region, Nagelbush operates primarily in the southeastern U.S., and Desert Mechanical operates primarily in the western U.S.
- Superior Gunitite specializes in pneumatically placed structural concrete utilized in infrastructure projects such as bridges, dams, tunnels, and retaining walls throughout the U.S.

In its 2014 rankings, ENR ranked us as the fifth largest electrical contractor in the U.S. and the eighth largest specialty contractor nationwide. We are also the largest specialty contractor in the New York region.

Our Specialty Contractors segment has been awarded, has recently completed work on, or is currently working on several projects at the World Trade Center in New York City; two signal system modernization projects in New York City; and the new hospital at the University of Texas Southwestern Medical Center. This segment has also supported several large public works projects in our Building and Civil segments, including the Alaskan Way Viaduct Replacement (SR-99 bored tunnel) project in Seattle, Washington; the McCarran International Airport Terminal 3 in Las Vegas, Nevada; the Resorts World New York Casino in Jamaica, New York; various segments of the Greenwich Street Corridor and East Side Access projects in New York City; the Caldecott Tunnel Fourth Bore project near Oakland, California; the New Irvington Tunnel in Fremont, California; and several marquee projects in the hospitality and gaming market, including Project CityCenter, The Cosmopolitan Resort and Casino, and the Planet Hollywood Tower, all in Las Vegas, Nevada.

The majority of the work performed by our Specialty Contractors units is contracted directly with project owners, including state and local municipal agencies, school districts, real estate developers, and general contractors. A smaller but growing component of its work is performed as a subcontractor to the Company's Building and Civil groups.

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Markets and Customers

Our construction services are targeted toward end markets that are diversified across project types, customer characteristics and geographic locations. During the first quarter of 2014, the Company completed a reorganization which resulted in the elimination of the Management Services reporting unit and reportable segment. The Management Services reporting unit formerly consisted of the following subsidiary companies: Black Construction and Perini Management Services. The reorganization was completed due to changes in volume of business resulting in a change in organizational structure as the unit no longer met the criteria set forth in FASB ASC Topic 280, "Segment Reporting".

The following tables set forth certain reportable segment information relating to the Company's operation for the years ended December 31, 2014, 2013 and 2012. In accordance with the accounting guidance on segment reporting, the Company has restated the comparative prior period information for the reorganized reportable segments:

Revenues by business segment for fiscal years 2014, 2013 and 2012 are set forth below:

	Revenues by Business Segment		
	Year Ended December 31,		
	2014	2013	2012
	(in thousands)		
Civil	\$ 1,687,144	\$ 1,441,416	\$ 1,335,993
Building	1,503,837	1,551,979	1,592,441
Specialty Contractors	1,301,328	1,182,277	1,183,037
Total	\$ 4,492,309	\$ 4,175,672	\$ 4,111,471

Revenues by end market for the Civil segment for fiscal years 2014, 2013 and 2012 are set forth below:

Civil Segment Revenues by End Market			
Year Ended December 31,			
	2014	2013	2012
(in thousands)			
Bridges	\$ 535,733	\$ 501,867	\$ 548,641
Mass Transit	534,110	364,148	217,292
Highways	156,443	211,316	228,652
Other	460,858	364,085	341,408
Total	\$ 1,687,144	\$ 1,441,416	\$ 1,335,993

Revenues by end market for the Building segment for fiscal years 2014, 2013 and 2012 are set forth below:

Building Segment Revenues by End Market			
Year Ended December 31,			
	2014	2013	2012
(in thousands)			
Education Facilities	\$ 337,062	\$ 280,685	\$ 190,968
Municipal and Government	300,274	325,258	224,483
Healthcare Facilities	127,963	296,294	346,379
Hospitality and Gaming	101,819	376,620	238,915
Industrial Buildings	90,194	34,802	286,677
Mass Transit	40,676	10,755	10,909
Other	505,849	227,565	294,110
Total	\$ 1,503,837	\$ 1,551,979	\$ 1,592,441

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Revenues by end market for the Specialty Contractors segment for fiscal years 2014, 2013 and 2012 are set forth below:

	Specialty Contractors Segment Revenues by End Market Year Ended December 31, 2014 2013 2012 (in thousands)		
Industrial Buildings	\$ 276,008	\$ 212,438	\$ 201,987
Education Facilities	230,645	123,910	94,463
Mass Transit	217,318	174,778	203,242
Office Buildings	129,350	137,189	189,447
Condominiums	105,670	133,916	91,151
Hospitality and Gaming	46,901	69,327	22,104
Municipal and Government	23,034	39,621	103,193
Other	272,402	291,098	277,450
Total	\$ 1,301,328	\$ 1,182,277	\$ 1,183,037

We provide our services to a broad range of private and public customers. The allocation of our revenues by customer source for fiscal years 2014, 2013 and 2012 is set forth below:

	Revenues by Customer Source Year Ended December 31, 2014 2013 2012		
State and Local Governments	56 %	60 %	53 %
Private Owners	40 %	35 %	41 %
Federal Government Agencies	4 %	5 %	6 %
	100 %	100 %	100 %

State and Local Governments. We derived approximately 56% of our revenues from state and local government customers during 2014. Our state and local government customers include state transportation departments, metropolitan authorities, cities, municipal agencies, school districts and public universities. We provide services to our state and local customers primarily pursuant to contracts awarded through competitive bidding processes. Our building construction services for state and local government customers have included judicial and correctional facilities, schools and dormitories, healthcare facilities, convention centers, parking structures and other municipal buildings. Our civil contracting and building construction services are provided in locations throughout the country.

Private Owners. We derived approximately 40% of our revenues from private customers during 2014. Our private customers include private real estate developers, healthcare companies, technology companies, major hospitality and gaming resort owners, Native American sovereign nations, public corporations, and private universities. We provide services to our private customers through negotiated contract arrangements as well as through competitive bids.

Federal Government Agencies. We derived approximately 4% of our revenues from federal government agencies during 2014. 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 strong relationships with federal agencies, together with anticipated stable expenditures for defense, diplomatic, and security-related construction work primarily associated with the ongoing threats of terrorism.

Most federal, state, and local government contracts contain provisions which permit the termination of contracts, in whole or in part, for the convenience of the government, among other reasons.

For additional information on customers, markets, measures of profit or loss, and total assets, both U.S and foreign, see Note 12 — Business Segments of Notes to Consolidated Financial Statements in Item 15. Exhibits and Financial Statement Schedules.

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Backlog

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

Backlog is summarized below by business segment as of December 31, 2014 and 2013. In accordance with the accounting guidance on segment reporting, the Company has restated the comparative prior period information for the reorganized reportable segments:

	Backlog by Business Segment					
	December 31,					
	2014			2013		
	(dollars in thousands)					
Civil	\$ 3,563,239	45 %	\$ 3,538,094	51 %		
Building	2,187,767	28 %	1,755,049	25 %		
Specialty Contractors	2,080,719	27 %	1,661,144	24 %		
Total	\$ 7,831,725	100 %	\$ 6,954,287	100 %		

We estimate that approximately \$3.7 billion, or 47.8%, of our backlog at December 31, 2014 will be recognized as revenue in 2015.

Backlog by end market for the Civil segment as of December 31, 2014 and 2013 is set forth below:

Civil Segment Backlog by End Market

December 31,

2014

2013

(dollars in thousands)

Mass Transit	\$ 1,934,028	54 %	\$ 1,623,728	47 %
Bridges	894,975	25 %	1,041,856	29 %
Highways	349,399	10 %	252,918	7 %
Mixed Use	205,881	6 %	425,717	12 %
Other	178,956	5 %	193,875	5 %
Total	\$ 3,563,239	100 %	\$ 3,538,094	100 %

Backlog by end market for the Building segment as of December 31, 2014 and 2013 is set forth below:

Building Segment Backlog by End Market

December 31,

2014

2013

(dollars in thousands)

Municipal and Government	\$ 555,990	25 %	\$ 709,064	41 %
Education Facilities	318,380	15 %	444,110	25 %
Healthcare Facilities	276,123	13 %	74,980	4 %
Hospitality and Gaming	265,565	12 %	40,621	2 %
Mass Transit	97,261	4 %	127,390	7 %
Mixed Use	78,751	4 %	238,576	14 %
Other	595,697	27 %	120,308	7 %
Total	\$ 2,187,767	100 %	\$ 1,755,049	100 %

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Backlog by end market for the Specialty Contractors segment as of December 31, 2014 and 2013 is set forth below:

	Specialty Contractors Segment Backlog by End Market December 31,					
	2014			2013		
	(dollars in thousands)					
Mass Transit	\$ 805,253	38 %		\$ 469,099	28 %	
Education Facilities	239,487	12 %		290,517	17 %	
Condominiums	220,466	11 %		110,823	7 %	
Industrial Buildings	144,076	7 %		204,126	12 %	
Wastewater Treatment	98,669	5 %		65,475	4 %	
Office Buildings	85,891	4 %		101,799	6 %	
Healthcare Facilities	24,664	1 %		49,008	3 %	
Hospitality and Gaming	11,991	1 %		34,829	2 %	
Other	450,222	21 %		335,468	21 %	
Total	\$ 2,080,719	100 %		\$ 1,661,144	100 %	

We have seen over the past several years a significant shift in the mix of our customers from private to state and local government agencies, which has corresponded with an increased share of our Civil segment's contributions to revenues and operating profits over the period. We intend to continue our focus on increasing our share of higher-margin public works and specialty contracting projects to further enhance our consolidated operating margins, as well as continuing to capture our share of large private building work on an opportunistic basis.

Competition

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

In our Civil segment, we compete principally with large civil construction firms, including Dragados USA, Flatiron Construction Corp., Fluor Corp., Granite Construction, Kiewit Corp., Skanska USA, Traylor Bros., Inc., and The Walsh Group. In certain end markets of the Building segment, such as hospitality and gaming and multi-unit residential, 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 AECOM (through its acquisitions of Tishman Construction and Hunt Construction Group), Balfour Beatty Construction, Clark Construction Group, DPR Construction, Gilbane, Inc., Hensel Phelps Construction Co., McCarthy Building Companies, Inc., Skanska USA, Turner Construction Co., The Walsh Group, and The Whiting-Turner Contracting Co. In our Specialty Contractors segment, we compete principally with various regional electrical, mechanical, and plumbing subcontractors. We believe price, experience, reputation, responsiveness, customer relationships, project completion track record, schedule control and delivery, risk management, and quality of work are key factors in customers awarding contracts across our end markets.

Types of Contracts and The Contract Process

Types 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 fixed price, guaranteed maximum price, and cost plus fee contracts. These contract types and the risks generally inherent therein are discussed below:

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

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- 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.

Historically, a high percentage of our contracts have been of the GMP and FP type. As a result of increasing opportunities in public works civil and building markets, combined with our increased resume of notable projects and expertise and the execution of our acquisition strategy, FP contracts have accounted for an increasing portion of our revenues since 2008 and are expected to continue to represent a sizeable percentage of both total revenues and backlog. The composition of revenues and backlog by type of contract for fiscal years 2014, 2013 and 2012 is as follows:

	Revenues for the Year Ended December 31,					
	2014		2013		2012	
Cost Plus, GMP	40 %		37 %		39 %	
FP	60 %		63 %		61 %	
	100 %		100 %		100 %	

Backlog as of
December 31,

	2014	2013
Cost Plus, GMP	33 %	24 %
FP	67 %	76 %
	100 %	100%

The Contract Process

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

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

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

Public bids to various government 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.

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

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

Often a contract requires us to perform extra, or change order, work as directed by the customer even if the customer has not agreed in advance on the scope or price of the work to be performed. This process may result in disputes over whether the work performed is beyond the scope of the work included in the original project plans and specifications or, if the customer agrees that the work performed qualifies as extra work, the price the customer is willing to pay for the extra work. Even when the customer agrees to pay for the extra work, we may be required to fund the cost of such work for a lengthy period of time until the change order is approved and funded by the customer. Also, unapproved change orders, contract disputes or claims result in costs being incurred by us that cannot be billed currently and, therefore, are reflected as “costs and estimated earnings in excess of billings” in our Consolidated Balance Sheets. See Note 1 — Description of Business and Summary of Significant Accounting Policies, under the section entitled Method of Accounting for Contracts, of Notes to Consolidated Financial Statements in Item 15. Exhibits and Financial Statement Schedules. 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. It is not uncommon for the claim resolution process to last months or years, especially if it involves litigation.

There are a number of factors that can create variability in contract performance and results as compared to a project’s original bid. These include costs associated with added scope changes, extended overhead due to owner, weather, and other delays, subcontractor performance issues, changes in site conditions that differ from those assumed in the original bid, the availability and skill level of workers in the geographic location of the project, and a change in the availability and proximity of equipment or materials. In addition, certain efficiencies and cost savings may at times be realized during the course of a project compared to the originally anticipated costs and levels of productivity. Furthermore, our original bids for most contracts are based on the customer’s estimates of quantities needed to complete the contract. All of these factors can cause changes in estimates to a project’s at-completion costs, resulting

in favorable or unfavorable impacts to profitability in current and future periods. Because of the rigor of our estimating process, we have often encountered opportunities to improve project performance cost estimates through realized project execution efficiencies and cost savings.

Our project contracts often 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 — Description of Business and Summary of Significant Accounting Policies, under the section entitled Method of Accounting for Contracts, of Notes to Consolidated Financial Statements in Item 15. Exhibits and Financial Statement Schedules.

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, and when possible, by purchasing required materials early in the project schedule. 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

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construction projects and to contain contaminants in stormwater runoff at construction sites. In certain circumstances, we may also be required to hire subcontractors to dispose of hazardous materials encountered on a project in accordance with a plan approved in advance by the owner. We believe that we are in substantial compliance with all applicable laws and regulations and we continually evaluate whether we must take additional steps to ensure compliance with environmental laws; however, future requirements or amendments to current laws or regulations imposing more stringent requirements could require us to incur additional costs to maintain or achieve compliance.

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

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

Insurance and Bonding

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

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

and risk management functions, thus reducing claims and insurance-related costs.

Employees

The total number of personnel employed by us is subject to seasonal fluctuations, the volume of construction in progress and the relative amount of work performed by subcontractors. Our average number of full-time equivalent employees during 2014 was 10,532, and our total number of employees at December 31, 2014 was 10,939. The increase in the average from 9,679 in 2013 to 10,532 in 2014 is primarily due to business growth and normal fluctuation in job timing.

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, 2014, approximately 7,145 of our total of 10,939 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 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 them to, the United States Securities and Exchange Commission (the "SEC"). 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

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statements and other information regarding issuers, such as the Company, that file electronically with the SEC. Also available on our website are our Code of Business Conduct and Ethics, Corporate Governance Guidelines, the charters of the Committees of our Board of Directors and reports under Section 16 of the Exchange Act of transactions in our stock by our directors and executive officers.

ITEM 1A. RISK FACTORS

We are subject to a number of known and unknown risks and uncertainties that could materially adversely affect our operations. Set forth below and elsewhere in this report and in other documents we file with the SEC are descriptions of the risks and uncertainties that could cause our actual results to differ materially from the results contemplated by the forward-looking statements contained in this report. Additional risks we do not yet know of or that we currently think are immaterial may also affect our business operations. These risks could have a material adverse effect on our financial condition, results of operations and cash flows.

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

As of December 31, 2014, our backlog of uncompleted construction work was approximately \$7.8 billion. We include a construction project in our backlog at such time as a contract is awarded, or a letter of commitment is obtained and adequate construction funding is in place. The revenue projected in our backlog may not be realized or, if realized, may not result in profits. For example, if a project reflected in our backlog is terminated, suspended or reduced in scope, it would result in a reduction to our backlog which could reduce, potentially to a material extent, the revenues and profits realized. If a customer cancels a project, we may be reimbursed for certain costs and profit thereon but typically have no contractual right to the total revenues reflected in our backlog. Significant cancellations or delays of projects in our backlog could have a material adverse effect on future revenues, profits, and cash flows.

A significant slowdown or decline in economic conditions could adversely affect our operations.

Although economic conditions in the United States have gradually improved over the past two years following several challenging years during the aftermath of the global economic downturn in 2008, any significant slowdown or decline in economic conditions could result in renewed demand uncertainty across various parts of the country, particularly for new commercial building developments or renovations to existing infrastructure. In addition, any renewed tightness in the financial and credit markets could create difficulties for some customers, including certain private owners and state and local governments, to obtain adequate financing to fund new construction projects on satisfactory terms or at all. These financing difficulties 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.

Any renewed instability or worsening conditions in the financial and credit markets could also impact a customer's 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. If credit markets tighten and challenging economic conditions return, lenders may become unwilling to continue renewing or extending credit to a customer. Such deferral, delay or cancellation of credit by the lender could impact the customer's ability to pay us, which could have an adverse impact on our future operating results. A significant portion of our operations are concentrated in California and New York. As a result, we are more susceptible to fluctuations caused by adverse economic or other conditions in these states compared to others.

Reductions in the level of consumer spending within the non-residential building industry and the level of federal, state and local government spending for infrastructure and other public projects could adversely affect the number of projects available to us in the future.

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

With regard to infrastructure and other public works spending, civil construction markets are dependent on the amount of infrastructure work funded by various government 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 sale of voter-approved bonds could decrease the number of civil construction projects available and limit our ability to obtain new contracts, which could reduce revenues within our Civil segment. In addition, budget shortfalls and credit rating downgrades in 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 is also involved in significant public works construction projects including healthcare facilities, educational facilities, and municipal and government facilities

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primarily in California and the southeastern United States. These projects also are dependent upon funding by various federal, state and local government agencies. A decrease in government funding of public healthcare and education facilities, particularly in those regions, could decrease the number and/or size of construction projects available and limit our ability to obtain new contracts in these markets, which could reduce our revenues and earnings.

Economic, political and other risks and the level of U.S. Government funding associated with our international operations could adversely affect our revenues and earnings.

We derived approximately 4% or \$168.8 million of revenues and approximately \$27.7 million of income from construction operations for the year ended December 31, 2014 from our work on projects located outside of the United States, including projects in Afghanistan, Guam, and the Philippine Islands. Our international operations expose us to risks inherent in doing business in certain hostile regions outside the United States, including: political risks, risks of loss due to civil disturbances, guerilla activities and insurrection; acts of terrorism and acts of war; unstable economic, financial and market conditions; potential incompatibility with foreign subcontractors and vendors; foreign currency controls and fluctuations; trade restrictions; logistical challenges; variations in taxes; and changes in labor conditions, labor strikes and difficulties in staffing and managing international operations. Failure to successfully manage risks associated with our international operations could result in higher operating costs than anticipated or could delay or limit our ability to generate revenues and income from construction operations in key international markets.

The U.S. federal government has approved various spending bills for the construction of defense- and diplomacy-related projects and has allocated significant funds to the defense of U.S. interests around the world from the threat of terrorism. The federal government has also approved funds for development in conjunction with the relocation of military personnel into Guam. However, federal government funding levels for construction projects in the Middle East have decreased significantly over the past few years as the U.S. government has reduced the number of military troops and support personnel in the region. As a result, we have seen a decrease in the number and size of federal government projects available to us in this region. Any decrease in federal government funding for projects in Guam or in other countries in which we are pursuing work may result in project delays or cancellations, which could reduce our revenues and earnings.

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 oftentimes take into account other factors, such as technical approach and/or qualifications, shorter project schedules, or our record of past performance on similar projects completed. 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.

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.

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

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

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risk has been somewhat mitigated through the specialty contracting capabilities which we acquired in 2011, we still rely significantly on external specialty subcontractors to perform our projects.

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

Volatility or lack of positive performance in our stock price and the overall markets may adversely affect our ability to retain key staff who have received equity compensation. Additionally, because a substantial portion of our key executives' compensation is placed "at risk" and linked to the performance of our business, when our operating results are negatively impacted, we are at a competitive disadvantage for retaining and hiring key executives and managers compared to other companies that may pay a relatively higher fixed salary. If we lose our existing key executives or managers or are unable to hire and integrate new key executives or managers, or if we fail to implement succession plans for our key executives, our operating results would likely be harmed.

Weather can significantly affect our revenues and profitability.

Our ability to perform work is significantly affected by weather conditions such as precipitation and temperature. Changes in weather conditions can cause delays and otherwise significantly affect our project costs. The impact of weather conditions can result in variability in our revenues and profitability.

Our participation in construction joint ventures exposes us to liability and/or harm to our reputation for failures by 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, reduce our profit on a project or, in some cases, result in a loss.

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

We are involved in various lawsuits, including the legal proceedings described under Item 3. Legal Proceedings. Litigation is inherently uncertain and it is not possible to accurately predict what the final outcome will be of any legal proceeding. We must make certain assumptions and rely on estimates regarding potential outcomes of legal proceedings in order to determine an appropriate charge to income and contingent liabilities. Estimating and recording future outcomes of litigation proceedings requires us to make significant judgments and assumptions about the future, which are inherently subject to risks and uncertainties. If the final recovery turns out to be materially less favorable than our estimates, we would have to record the related liability, which may include losses from money owed pursuant to an unfavorable judgment as well as losses based on the failure to receive an anticipated judgment for sums in our favor, and fund the payment of the judgment and, if such adverse judgment is significant, it could have a material adverse effect on us. Legal proceedings resulting in judgments or findings against us may harm our reputation and prospects for future contract awards. We occasionally bring claims against project owners for additional cost exceeding the contract price or for amounts not included in the original contract price. When these types of events occur and unresolved claims are pending, we may invest significant working capital in projects to cover cost overruns pending the resolution of the relevant claims. A failure to promptly recover on these types of claims could have a material effect on our liquidity and financial results.

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

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

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Also, unapproved change orders, contract disputes or claims cause us to incur costs that cannot be billed currently and therefore may be reflected as “costs and estimated earnings in excess of billings” in our balance sheet. See Note 1 — Description of Business and Summary of Significant Accounting Policies, under the section entitled Method of Accounting for Contracts of Notes to Consolidated Financial Statements in Item 15. Exhibits and Financial Statement Schedules. To the extent our actual recoveries with respect to unapproved change orders, contract disputes or claims are lower than our estimates, the amount of any shortfall will reduce our revenues and the amount of costs and estimated earnings in excess of billings recorded on our balance sheet, and could have a material effect on our working capital, results of operations and cash flows. Additionally, as we include unapproved change orders in our estimates of revenues and costs to complete a project, our profitability may be diluted via the percentage-of-completion method of accounting for contract revenues. Any delay caused by the extra work may also adversely impact the timely scheduling of other project work and our ability to meet specified contract milestone dates.

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

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

Accounting for our contract related revenues and costs, as well as other expenses, require management to make a variety of significant estimates and assumptions. Although we believe we have the experience and processes to enable us to formulate appropriate assumptions and produce reasonably dependable estimates, these assumptions and estimates may change significantly in the future and could result in the reversal of previously recognized revenue and profit. Such changes could have a material adverse effect on our financial position and results of operations.

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 three principal types of contracts with our customers: fixed price contracts, guaranteed maximum price contracts and cost plus fee contracts. We derive a significant portion of our Civil and Specialty Contractors segment revenues and backlog from fixed price contracts.

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

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

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

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

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, 2014, these plans were underfunded by approximately \$35.0 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

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required contributions is determined based on an annual actuarial valuation of the plan as performed by the plans' actuaries. During 2014, we contributed \$5.2 million in cash to our defined benefit pension plan and supplemental retirement plan. The amount of our future contributions will depend upon asset returns, then-current discount rates and a number of other factors, and, as a result, the amount we may elect or be required to contribute to these plans in the future may vary significantly. See Item 7. - Management's Discussion and Analysis of Financial Condition and Results of Operations- in the section entitled Critical Accounting Policies.

In connection with mergers and acquisitions, we have recorded goodwill and other intangible assets that could become impaired and adversely affect our operating results. Assessing whether impairment has occurred requires us to make significant judgments and assumptions about the future, which are inherently subject to risks and uncertainties, and if actual events turn out to be materially less favorable than the judgments we make and the assumptions we use, we may be required to record additional impairments in the future.

We had approximately \$685.3 million of goodwill and intangible assets recorded on our Consolidated Balance Sheet at December 31, 2014. Goodwill represents the excess of cost over the fair value of net assets acquired in business combinations reduced by any impairments recorded subsequent to the date of acquisition. We test goodwill and intangible assets for impairment by applying a fair value test in the fourth quarter of each year and between annual tests if events or circumstances change which suggest that the goodwill or intangible assets should be evaluated. For example, if our market capitalization drops significantly below the amount of net equity recorded on our balance sheet, it might indicate a decline in the fair value of our goodwill and intangible assets and would require us to further evaluate whether impairment has occurred. If we determine that there has been an impairment (meaning that carrying value exceeds fair value), we would be required to write down the carrying value by the amount of the excess (which would represent the impaired portion of these assets).

Impairment assessment inherently involves management judgments as to the assumptions used to project amounts included in the valuation process and as to anticipated future market conditions and their potential effect on future performance. Changes in assumptions or estimates can materially affect the determination of fair value. If we determine, based on our assumptions, judgments, estimates and projections, that no impairment exists as of a specific date, and if future events turn out to be materially less favorable than what we assumed or estimated in assessing fair value when we tested for impairment, we may be required at a future date (either as part of a subsequent annual evaluation or on an interim basis) to re-evaluate fair value and to recognize an impairment at that time and write down the carrying value of our goodwill and/or intangible assets. If we were required to write down all or a significant part of our goodwill and intangible assets in future periods, our net earnings and equity could be materially and adversely affected.

The forecasts utilized in the discounted cash flow analysis as part of our impairment test assume future revenue and profitability growth in each of our segments. If our operating segments cannot obtain, or we determine at a later date that we no longer expect them to obtain, the projected levels of profitability, future goodwill impairment tests may also result in an impairment charge. There can be no assurances that our operating segments will be able to achieve

our estimated levels of profitability. A number of factors, many of which we have no ability to control, could affect our financial condition, operating results and business prospects and could cause our actual results to differ from the estimates and assumptions we employed in our goodwill impairment testing. These factors include, but are not limited to; (i) renewed deterioration in the overall economy; (ii) a significant decline in our stock price and resulting market capitalization; (iii) changes in the discount rate; (iv) successful efforts by our competitors to gain market share in our markets; (v) adverse changes as a result of regulatory actions; (vi) a significant adverse change in legal factors or in the overall business climate; (vii) recognition of a goodwill impairment loss in the financial statements of a subsidiary that is a component of our reporting units; and (viii) the resolution of legal proceedings resulting in judgments less favorable than our estimates. Given these and other factors, we cannot be certain that goodwill impairment will not be required during future periods.

Based on our annual review of our goodwill and intangible assets, which we performed in the fourth quarter of 2014, we concluded that no impairment had occurred. To the extent that the value of the goodwill or other intangible assets becomes impaired in the future, we will be required to incur non-cash charges relating to the impairment and recognized them in our Consolidated Statement of Operations.

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. In accordance with the Company's policy, the terms of this joint venture and any of our joint ventures with any affiliate have been and will continue to 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 a conflict of interest with our joint venture partner. These relationships also may create conflicts of interest with respect to new business and other corporate opportunities.

As of December 31, 2014, our chairman and chief executive officer, Ronald N. Tutor and two trusts controlled by Mr. Tutor (the "Tutor Group") owned approximately 17.3% of the outstanding shares of our common stock. Under the terms of Mr. Tutor's employment agreement, he has the right to designate one nominee for election as a member of the Company's Board of Directors so

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long as the Tutor Group owns at least 11.25% of the outstanding shares of the Company's common stock. As of the date of this Form 10-K, there are eleven current directors, one of whom was appointed by Mr. Tutor in November 2013. Mr. Tutor will 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.

We have a substantial amount of indebtedness which could adversely affect our financial position and prevent us from fulfilling our obligations under our debt agreements, in particular under our \$300 million senior unsecured notes and our \$250 million term loan under our revolving credit facility.

We currently have and expect to continue to have a substantial amount of indebtedness. As of December 31, 2014, we had a total debt of \$865.4 million, consisting of \$298.8 million of senior unsecured notes (net of unamortized debt discount of \$1.2 million) (the "Senior Notes"), \$130.0 million of outstanding borrowings on a revolving credit basis (the "Revolving Facility"), a \$250 million term loan (the "Term Loan") which has been paid down to \$242.5 million at December 31, 2014, and \$194.1 million of other debt. We may also incur significant additional indebtedness in the future.

Our Senior Notes and revolving credit facility impose operating and financial restrictions on us and limit our ability to incur indebtedness from other sources without consent. Our revolving credit facility contains financial covenants that require us to maintain minimum fixed charge coverage and maximum consolidated leverage ratios. 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 these agreements, an event of default could occur. An event of default, if not waived by our lenders, could result in an acceleration of any outstanding indebtedness, causing such debt to become immediately due and payable. If such acceleration occurs, we may not be able to repay such indebtedness on a timely basis. Since indebtedness under our revolving credit facility and Senior Notes is secured by substantially all of our assets, acceleration of this debt could result in foreclosure of those assets. In the event of a foreclosure, we would be unable to conduct our business and may be forced to discontinue ongoing operations.

Systems and information technology interruption and breaches in data security could adversely impact our ability to operate and our operating results.

We are reliant on computer and information technology and systems to properly operate. From time to time, we experience system interruptions and delays. If we are unable to add required software and hardware, effectively upgrade our systems and network infrastructure, and take other steps to improve the efficiency of and protect our systems, systems operation could be interrupted or delayed, or data security could be breached. If any of our key software vendors discontinue further development, integration, or long-term software maintenance support for our systems, or there is any significant system interruption, delay, breach of security, loss of data, or loss of a vendor, we may need to migrate our data to other systems. In addition, our systems and operations could be damaged or interrupted by natural disasters, power loss, telecommunications failures, acts of war or terrorism, acts of God, computer viruses, physical or electronic break-ins, and similar events or disruptions, including breaches by computer hackers and cyber-terrorists. Any of these or other events could cause loss of critical data, delay or prevent operations, or result in the unintentional disclosure of information. While management has taken steps to address these concerns by implementing state-of-the-art network and end-point security, internal control measures, and redundant backups of key data, a system failure or loss or data security breach could materially adversely affect our financial condition and operating results.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

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ITEM 2. PROPERTIES

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

Our major facilities are in the following locations:

Offices	Business Segment(s)	Owned or Leased by Tutor Perini
Framingham, MA	Building	Owned
Henderson, NV	Building	Owned
Houston, TX	Specialty Contractors	Owned
Sylmar, CA	Corporate	Leased
Redwood City, CA	Building	Leased
Ozone Park, NY	Specialty Contractors	Leased
Bronx, NY	Specialty Contractors	Leased
Gulfport , MS	Building	Owned
Mt. Vernon, NY	Specialty Contractors	Leased
Sylmar, CA	Civil	Owned
New Rochelle, NY	Civil	Owned
Peekskill, NY	Civil	Owned
Evansville, IN	Civil	Owned
Barrigada, Guam	Civil	Owned
Sylmar, CA	Specialty Contractors	Owned
Black River Falls, WI	Civil	Owned
Fort Lauderdale, FL	Building	Leased
Orlando, FL	Specialty Contractors	Leased
Lakeview Terrace, CA	Specialty Contractors	Leased
Jessup, MD	Civil	Owned

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Philadelphia, PA	Building	Leased
Irvine, CA	Building	Owned
Las Vegas, NV	Specialty Contractors	Leased
Jamaica, NY	Specialty Contractors	Leased
Rosemount, MN	Civil	Owned
Equipment Yards	Business Segment(s)	Owned or Leased by Tutor Perini
Fontana, CA	Civil	Leased
Stockton, CA	Building	Owned
Folcroft, PA	Building	Leased
Hilbert, WI	Civil	Leased
Long Island, NY	Specialty Contractors	Leased
Fort Lauderdale, FL	Specialty Contractors	Leased

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ITEM 3. LEGAL PROCEEDINGS

Legal Proceedings are set forth in our financial statement schedules in Part IV, Item 15 of this Annual Report and are incorporated herein by reference. See Note 8 — Contingencies and Commitments of Notes to Consolidated Financial Statements of Part IV, Item 15. Exhibits and Financial Statement Schedules.

ITEM 4. MINE SAFETY DISCLOSURES

Section 1503 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) requires domestic mine operators to disclose violations and orders issued under the Federal Mine Safety and Health Act of 1977 (the “Mine Act”) by the federal Mine Safety and Health Administration. We do not act as the owner of any mines. However, we may be treated as acting as a mining operator as defined under the Mine Act because we are an independent contractor performing services or construction of such mine. Information concerning mine safety violations or other regulatory matters required by Section 1503(a) of the Dodd-Frank Act and Item 104 Regulation S-K is included in Exhibit 95. For 2014, revenues from mine construction services were less than \$100 million.

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PART II.

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

Market Information

Our common stock is traded on the New York Stock Exchange under the symbol "TPC". In 2009, we changed our name to Tutor Perini Corporation from Perini Corporation and accordingly changed our symbol from "PCR" to "TPC". The quarterly market high and low sales prices for our common stock in 2014 and 2013 are summarized below:

	2014		2013	
	High	Low	High	Low
Market Price Range per Common Share:				
Quarter Ended				
March 31	\$ 30.04	\$ 21.06	\$ 19.38	\$ 13.70
June 30	\$ 32.11	\$ 26.83	\$ 19.28	\$ 15.47
September 30	\$ 32.51	\$ 26.25	\$ 21.53	\$ 18.02
December 31	\$ 29.25	\$ 20.07	\$ 26.44	\$ 20.08

Holders

At February 20, 2015, there were 562 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.

Dividends

We currently have no future plans to pay cash dividends. Our revolving facility and senior unsecured notes also restrict us from making dividend payments. See Note 4 — Financial Commitments of Notes to Consolidated Financial Statements in Part IV, Item 15. Exhibits and Financial Statements Schedules.

Securities Authorized for Issuance Under Equity Compensation Plans

For a description of our equity compensation plan, see Note 10 — Stock-Based Compensation of Notes to Consolidated Financial Statements in Part IV, Item 15. Exhibits and Financial Statement Schedules.

Issuer Purchases of Equity Securities

There were no repurchases by the Company of its equity securities during the three months ended December 31, 2014.

Issuance of Unregistered Securities

None.

Performance Graph

The performance graph required by this Item 5 is hereby incorporated by reference from our definitive proxy statement to be filed within 120 days after the end of the fiscal year 2014.

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ITEM 6. SELECTED FINANCIAL DATA

Selected Consolidated Financial Information

The following selected financial data has been derived from our audited consolidated financial statements and should be read in conjunction with the consolidated financial statements, the related notes thereto and the independent auditors' report thereon, and "Management's Discussion and Analysis of Financial Condition and Results of Operations," which are included elsewhere in this Form 10-K and in previously filed annual reports on Form 10-K of Tutor Perini Corporation. Backlog and new business awarded are not measures defined in accounting principles generally accepted in the United States ("U.S. GAAP") and have not been derived from audited consolidated financial statements. In conjunction with our 2011 and 2014 reorganizations, we have restated comparative prior period information for the reorganized reportable segments in each of the revenue and backlog tabular disclosures below. We have also restated comparative prior period results to allocate intersegment eliminations of revenues into the applicable Civil or Building segments to which the Specialty Contractors segment has provided services.

	Year Ended December 31,				
	2014	2013	2012	2011(1)	2010(2)
	(In thousands, except per share data)				
OPERATING SUMMARY					
Revenues:					
Civil	\$ 1,687,144	\$ 1,441,416	\$ 1,335,993	\$ 985,245	\$ 714,478
Building	1,503,837	1,551,979	1,592,441	1,928,612	2,371,872
Specialty Contractors	1,301,328	1,182,277	1,183,037	802,460	112,860
Total	4,492,309	4,175,672	4,111,471	3,716,317	3,199,210
Cost of Operations	3,986,867	3,708,768	3,696,339	3,320,976	2,861,362
Gross Profit	505,442	466,904	415,132	395,341	337,848
General and Administrative Expenses	263,752	263,082	260,369	226,965	165,536
Goodwill and Intangible Asset Impairment (3)	—	—	376,574	—	—
Income (Loss) From Construction Operations	241,690	203,822	(221,811)	168,376	172,312
Other (Expense) Income, Net	(9,536)	(18,575)	(1,857)	4,421	(2,280)

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Interest Expense	(44,716)	(45,632)	(44,174)	(35,750)	(10,564)
Income (Loss) Before Income Taxes	187,438	139,615	(267,842)	137,047	159,468
(Provision) Benefit for Income Taxes	(79,502)	(52,319)	2,442	(50,899)	(55,968)
Net Income (Loss)	\$ 107,936	\$ 87,296	\$ (265,400)	\$ 86,148	\$ 103,500
Income (Loss) Available to Common Stockholders	\$ 107,936	\$ 87,296	\$ (265,400)	\$ 86,148	\$ 103,500
Earnings (Loss) Per Share of Common Stock:					
Basic	\$ 2.22	\$ 1.82	\$ (5.59)	\$ 1.82	\$ 2.15
Diluted	\$ 2.20	\$ 1.80	\$ (5.59)	\$ 1.80	\$ 2.13
Cash Dividend Paid Per Common Share	\$ —	\$ —	\$ —	\$ —	\$ 1.00
Book Value Per Common Share	\$ 28.06	\$ 25.76	\$ 24.05	\$ 29.58	\$ 27.88
Weighted-Average Common Shares Outstanding:					
Basic	48,562	47,851	47,470	47,226	48,111
Diluted	49,114	48,589	47,470	47,890	48,649

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	Year Ended December 31,				
	2014	2013	2012	2011 (1)	2010(2)
	(In thousands, except ratios)				
FINANCIAL POSITION SUMMARY					
Working Capital	\$ 1,113,980	\$ 787,434	\$ 747,577	\$ 556,800	\$ 592,928
Current Ratio	1.82x	1.61x	1.61x	1.40x	1.61x
Debt	865,359	733,884	737,090	672,507	395,684
Stockholders' Equity (3)	1,365,505	1,247,535	1,143,864	1,399,827	1,312,994
Ratio of Debt to Equity	0.63x	.59x	.64x	.48x	.30x
Total Assets	\$ 3,773,315	\$ 3,397,438	\$ 3,296,410	\$ 3,613,127	\$ 2,779,220
OTHER DATA					
Backlog at Year End (4)	\$ 7,831,725	\$ 6,954,287	\$ 5,603,624	\$ 6,108,277	\$ 4,284,290
New Business Awarded (5)	\$ 5,369,747	\$ 5,526,335	\$ 3,606,818	\$ 5,540,304	\$ 3,173,309

(1) Includes the results of Fisk, Anderson, Frontier-Kemper, Lunda, WDF, Five Star Electric, Nagelbush and Becho as each was acquired during 2011.

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

(3) Represents goodwill and intangible assets impairment charge of \$376.6 million in 2012. See Note 3 Goodwill and other Intangible Assets of Notes to Consolidated Financial Statements in Part IV, Item 15. Exhibits and Financial Statement Schedules.

(4) 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 U.S. GAAP, and our backlog may not be comparable to the backlog of other companies. Management uses backlog to assist in forecasting future results.

(5)

New business awarded consists of the original contract price of projects added to our backlog in accordance with Note (4) above plus or minus subsequent changes to the estimated total contract price of existing contracts. For 2011 and 2010, this category also includes approximately \$2.6 billion of backlog obtained through acquisitions. 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 customers and public agencies throughout the world. Our construction business is conducted through three basic segments or operations: Civil, Building, and Specialty Contractors. Our Civil segment specializes in public works construction and the repair, replacement and reconstruction of infrastructure, including highways, bridges, mass transit systems, and water management and wastewater treatment facilities, primarily in the western, midwestern, northeastern and mid-Atlantic United States. Our Building segment has significant experience providing services to a number of specialized building markets, including the hospitality and gaming, transportation, healthcare, municipal offices, sports and entertainment, educational, correctional facilities, biotech, pharmaceutical and high-tech markets. Our Specialty Contractors segment specializes in electrical, mechanical, plumbing, HVAC, fire protection systems, and pneumatically

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placed concrete for a full range of civil and building construction projects in the industrial, commercial, hospitality and gaming, and transportation end markets, among others.

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. In our ordinary course of 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.

We believe our leadership position as the contractor of choice for large, complex civil and building projects will support our long-term backlog growth. We have continued to experience increased contributions from our Civil segment consistent with our focus on obtaining higher-margin public works projects. We expect to continue to leverage our increased self-performance and schedule control capabilities to obtain additional large-scale Civil and Building awards. Our strong self-performance capabilities represent a unique competitive advantage. By self-performing certain specialized components of our projects when possible, we are able to capture profits that would otherwise be recognized by other contractors. We continue to capitalize on our leadership position as evidenced by our December 31, 2014 contract backlog of \$7.8 billion, an increase of \$0.8 billion from \$7.0 billion as of December 31, 2013. In 2014, we received several significant new awards (discussed below, under Backlog Analysis for 2014) and we continue to have a large volume of pending awards, including several additional phases of the Hudson Yards development project in New York and several mixed-use, hospitality and gaming, educational, and retail building development projects primarily on the East Coast and in the southern U.S.

During 2014, we experienced a high level of bidding activity, which subsequently translated into several large Civil and Building contracts, including two major mass transit projects in New York awarded in the first quarter, a large multi-unit residential tower project in Florida awarded in the second quarter, and a runway reconstruction project in New York and a healthcare facility project in California, both awarded in the third quarter. In addition, our work on the Hudson Yards project increased significantly in 2014, including continued activity on construction of the South Tower (Tower C), as well as substantial work on the Amtrak Tunnel and the platform over the eastern rail yard which will serve as the foundation for future towers at the site. Additional phases of the Hudson Yards project are expected to be awarded over the next one to two years. Several of our recently awarded large Civil projects have contract durations of approximately four to five years, and our larger recently awarded Building projects have contract durations of two to three years. Accordingly, we expect to realize the benefits of these projects over the next several years. Typically, in later stages of our projects, productivity increases are realized and claims and unapproved change orders, if any, are resolved. When projects are in later stages of completion, these changes may result in more significant impacts to profitability.

The following table sets forth our consolidated results of operations:

	Consolidated Results of Operations			% Change			
	Year ended December 31,			Favorable (Unfavorable)			
	2014	2013	2012	2014 vs.		2013 vs. 2012	
	(In thousands)						
Revenues	\$ 4,492,309	\$ 4,175,672	\$ 4,111,471	7.6	%	1.6	%
Cost of operations	3,986,867	3,708,768	3,696,339	(7.5)	%	(0.3)	%
Gross profit	505,442	466,904	415,132	8.3	%	12.5	%
General and administrative expenses	263,752	263,082	260,369	(0.3)	%	(1.0)	%
Goodwill and intangible asset impairment	—	—	376,574	—		100.0	%
Income (loss) from construction operations	241,690	203,822	(221,811)	18.6	%	191.9	%
Other (expense) income, net	(9,536)	(18,575)	(1,857)	48.7	%	(900.3)	%
Interest expense	(44,716)	(45,632)	(44,174)	2.0	%	(3.3)	%
Income (loss) before income taxes	187,438	139,615	(267,842)	34.3	%	152.1	%
(Provision) benefit for income taxes	(79,502)	(52,319)	2,442	52.0	%	(2,242.5)	%
Net income (loss)	\$ 107,936	\$ 87,296	\$ (265,400)	23.6	%	132.9	%

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	Consolidated Results of Operations					
	Year Ended December 31,					
	2014		2013		2012	
	(As a percentage of Revenues)					
Revenues	100.0	%	100.0	%	100.0	%
Cost of operations	88.7	%	88.8	%	89.9	%
Gross profit	11.3	%	11.2	%	10.1	%
General and administrative expenses	5.9	%	6.3	%	6.3	%
Goodwill and intangible asset impairment	0.0	%	0.0	%	9.2	%
Income (loss) from construction operations	5.4	%	4.9	%	(5.4)	%
Other (expense) income, net	(0.2)	%	(0.4)	%	0.0	%
Interest expense	(1.0)	%	(1.1)	%	(1.1)	%
Income (loss) before income taxes	4.2	%	3.4	%	(6.5)	%
(Provision) benefit for income taxes	(1.8)	%	(1.3)	%	0.0	%
Net income (loss)	2.4	%	2.1	%	(6.5)	%

Revenues were \$4.5 billion in 2014, compared to \$4.2 billion in 2013 and \$4.1 billion in 2012. Income from construction operations was \$241.7 million in 2014, compared to \$203.8 million in 2013 and a loss from construction operations of \$221.8 million in 2012. In 2012, our loss from construction operations of \$221.8 million was materially impacted by a \$376.6 million goodwill and intangible asset impairment charge (\$326.4 million after-tax), due primarily to a deterioration in broader market conditions, degradation in the timing of projected cash flows used to derive the fair value, and a sustained decrease in the Company's stock price, causing its market capitalization to be substantially less than its carrying value. See additional discussion under Critical Accounting Policies below. Net income was \$107.9 million in 2014, compared to a net income of \$87.3 million in 2013 and net loss of \$265.4 million in 2012. Basic and diluted earnings per share were \$2.22 and \$2.20, respectively, in 2014, compared to basic and diluted earnings per share of \$1.82 and \$1.80, respectively, in 2013, and basic and diluted loss per share of \$5.59 and \$5.59, respectively, in 2012. On an adjusted basis, net income and diluted earnings per share in 2012 were \$70.3 million and \$1.46, respectively, excluding the \$326.4 million after-tax goodwill and intangible asset impairment charge, a \$3.0 million after-tax litigation provision relating to an adverse court decision, \$3.6 million in discrete tax expense adjustments, and a \$2.7 million pre-tax loss on the sale of certain Auction Rate Securities ("ARS"). Net income and diluted earnings per share excluding these adjustments are non-U.S. GAAP financial measures, which are discussed below and are reconciled to the most directly comparable U.S. GAAP measures.

Revenues increased by \$316.6 million, or 7.6%, during 2014. This increase was due primarily to increased activity on projects at Hudson Yards in New York, certain electrical and mechanical projects on the East Coast, certain mass transit projects in California and New York, and certain bridge projects in the Midwest and New York. The increase was partially offset by decreased activity on hospitality and gaming projects in various states, healthcare projects in California, and tunnel projects on the West Coast.

Income from construction operations increased by \$37.9 million, or 18.6%, during 2014. This increase was due primarily to the revenue increase discussed above and net favorable adjustments to anticipated recoveries associated

with two legal rulings issued in the second quarter of 2014.

Other expense (income), net, was an expense of \$9.5 million in 2014, a decrease of \$9.1 million compared to an expense of \$18.6 million in 2013. This decrease was primarily driven by decreases in contingent consideration related to past business acquisition expenses.

Interest expense decreased by \$0.9 million during 2014. This decrease was primarily driven by lower interest rates, offset by an increased level of borrowings.

The provision for income taxes increased by \$27.2 million during 2014. This increase was primarily driven by increased net income and increased activity in certain higher-tax jurisdictions.

At December 31, 2014, we had working capital of \$1.1 billion, a ratio of current assets to current liabilities of 1.82, and a ratio of debt to equity of 0.63 compared to working capital of \$0.8 billion, a ratio of current assets to current liabilities of 1.61, and a ratio of debt to equity of 0.59 at December 31, 2013. Our stockholders' equity increased to \$1.4 billion as of December 31, 2014 from \$1.2 billion as of December 31, 2013.

Non-U.S. GAAP Measures

Our consolidated financial statements are presented based on U.S. GAAP. We sometimes use non-U.S. GAAP measures of income from operations, net income, earnings per share and other measures that we believe are appropriate to enhance an overall understanding of our historical financial performance and future prospects. We are providing these non-U.S. GAAP measures to

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disclose additional information to facilitate the comparison of past and present operations, and they are among the indicators management uses as a basis for evaluating the Company's financial performance as well as for forecasting future periods. For these reasons, management believes these non-U.S. GAAP measures can be useful operating performance measures to be considered by investors, prospective investors and others. These non-U.S. GAAP measures are not intended to replace the presentation of our financial results in accordance with U.S. GAAP, and they may not be comparable to other similarly titled measures of other companies.

The following table is a reconciliation of reported income (loss) from construction operations, net income (loss), and diluted earnings (loss) per share under U.S. GAAP to income from operations, net income and diluted earnings per share for the years ended December 31, 2014, 2013, and 2012, excluding discrete items. For the year ended December 31, 2012, included in discrete items is the impact of the following one-time expenses (benefits): (i) a \$326.4 million after-tax impairment charge, (ii) a \$3.0 million after-tax litigation provision relating to an adverse court decision, (iii) \$3.6 million of discrete tax expense items related to an increase in unrecognized tax benefits and an adjustment, both associated with certain stock-based compensation items identified during the first quarter of 2012, and (iv) a \$2.7 million realized loss on the sale of ARS in the first quarter of 2012.

(in thousands, except per share data)	Year ended December 31,		
	2014	2013	2012
Reported net income (loss)	\$ 107,936	\$ 87,296	\$ (265,400)
Plus: Impairment charge	—	—	376,574
Less: Tax benefit provided on impairment charge	—	—	(50,158)
Plus: Litigation provision less tax benefit	—	—	2,980
Plus: Realized loss on sale of investments	—	—	2,699
Plus: Discrete tax adjustments	—	—	3,649
Net income, excluding discrete items	\$ 107,936	\$ 87,296	\$ 70,344
Reported diluted income (loss) per common share	\$ 2.20	\$ 1.80	\$ (5.59)
Plus: Impairment charge, net of tax benefit	—	—	6.85
Plus: Litigation provision less tax benefit	—	—	0.06
Plus: Realized loss on sale of investments	—	—	0.06
Plus: Discrete tax adjustments	—	—	0.08
Diluted earnings per common share, excluding discrete items	\$ 2.20	\$ 1.80	\$ 1.46

Backlog Analysis for 2014

Our backlog of uncompleted construction work at December 31, 2014 was approximately \$7.8 billion compared to \$7.0 billion at December 31, 2013. During 2014, we booked a number of pending awards into backlog across each of our business segments and had significant net favorable adjustments to existing contracts. Significant new award bookings during 2014 included two mass transit projects in New York collectively valued at \$844 million; a \$255 million multi-unit residential tower project in Florida; a \$243 million runway reconstruction project in New York; two hospitality and gaming projects in Mississippi and California collectively valued at \$225 million; a \$211 million healthcare facility project in California; three bridge projects in Wisconsin and Minnesota collectively valued at \$181 million; a \$120 million retail development project in California; and a \$113 million technology building project in California. As a result of these and other new awards and adjustments to existing contracts, we experienced strong backlog growth in our Building and Specialty Contractors segments. Our Civil segment's backlog was flat for the year despite several large new awards, as a result of the segment's strong revenue performance in 2014. We estimate that approximately \$3.7 billion, or 47.8% of our backlog at December 31, 2014 will be recognized as revenue in 2015.

In addition to our existing backlog, we continue to have a significant volume of pending contract awards, including up to \$2.3 billion in the total construction value of various future phases of the Hudson Yards project, and various other contracts. We anticipate booking many of our pending awards into backlog over the next several quarters, and future phases of the Hudson Yards project over the next several years, as the contracts for these various projects are executed. We continue tracking several large-scale civil and building prospects for both public and private sector customers as we further leverage our self-performance and schedule control capabilities.

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The following table provides an analysis of our backlog by business segment for the year ended December 31, 2014.

	Backlog at December 31, 2013 (in millions)	New Business Awarded (1)	Revenues Recognized	Backlog at December 31, 2014
Civil	\$ 3,538.1	\$ 1,712.2	\$ (1,687.1)	\$ 3,563.2
Building	1,755.1	1,936.6	(1,503.9)	2,187.8
Specialty Contractors	1,661.1	1,720.9	(1,301.3)	2,080.7
Total	\$ 6,954.3	\$ 5,369.7	\$ (4,492.3)	\$ 7,831.7

(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 U.S. GAAP. The preparation of our consolidated financial statements in conformity with U.S. 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 — Description of Business and Summary of Significant Accounting Policies of the Notes to Consolidated Financial Statements in Part IV, Item 15. Exhibits and Financial Statement Schedules, the following discussion is intended to describe those accounting policies most critical to the preparation of our consolidated financial statements.

Use of and Changes in Estimates - The preparation of financial statements in conformity with U.S. 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 — Description of Business and Summary of Significant Accounting Policies, under the section entitled (d) Use of and Changes in Estimates of the Notes to Consolidated Financial Statements in Part IV, Item 15. Exhibits and Financial Statement Schedules) 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 8 — Contingencies and Commitments of the Notes to Consolidated Financial Statements in Part IV, Item 15. Exhibits and Financial Statement Schedules). 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 that, based on our experience, 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 minimizing the impact on 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.

Management focuses on evaluating the performance of contracts individually. In the ordinary course of business, and at a minimum on a quarterly basis, we update projected total contract revenue, cost and profit or loss for each of our contracts based on changes in facts, such as an approved scope change, and changes in estimates. Normal, recurring changes in estimates include, but are not limited to: (i) changes in estimated scope as a result of unapproved or unpriced customer change orders; (ii) changes in estimated productivity assumptions based on experience to date; (iii) changes in estimated materials costs based on experience to date; (iv) changes in estimated subcontractor costs based on subcontractor buyout experience; (v) changes in the timing of scheduled work that may impact future costs; (vi) achievement of incentive income; and (vii) changes in estimated recoveries through the settlement of litigation.

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During the year ended December 31, 2014, our results of operations were impacted by \$27.9 million because of changes in the estimated recoveries on two Civil segment projects driven by changes in cost recovery assumptions based on certain legal rulings issued during the second quarter of 2014, as well as a final settlement agreement regarding a Building segment project reached with our customer during the fourth quarter of 2014, which resulted in a \$11.4 million increase in the estimated recovery projected for that project. With respect to the two Civil segment projects, during 2014 there was a \$25.9 million favorable increase and a \$9.4 million unfavorable decrease. These changes in estimates altogether resulted in an increase of \$27.9 million in income from construction operations, \$16.0 million in net income, and \$0.33 in diluted earnings per common share during 2014.

During the year ended December 31, 2013, our results of operations were impacted by a \$13.8 million increase in the estimated recovery projected for a Building segment project due to changes in facts and circumstances that occurred during 2013. This change in estimate resulted in an increase of \$13.8 million in income from construction operations, \$8.6 million in net income, and \$0.18 in diluted earnings per common share during 2013.

These changes were the only changes in estimates considered material to the Company's results of operations during the periods presented herein.

Contracts vary in lengths and larger contracts can span over two to six years. At various stages of a contract's life cycle, different types of changes in estimates are more typical. Generally during the early ramp up stage, cost estimates relating to purchases of materials and subcontractors are frequently subject to revisions. As a contract moves into the most productive phase of execution, change orders, project cost estimate revisions and claims are frequently the sources for changes in estimates. During the contract's final phase, remaining estimated costs to complete or provisions for claims will be closed out and adjusted based on actual costs incurred. The impact on operating margin in a reporting period and future periods from a change in estimate will depend on the stage of contract completion. Generally, if the contract is at an early stage of completion, the current period impact is smaller than if the same change in estimate is made to the contract at a later stage of completion. Likewise, if the company's overall project portfolio was to be at a later stage of completion during the reporting period, the overall gross margin could be subject to greater variability from changes in estimates.

When recording revenue on contracts relating to unapproved change orders and claims, we include in revenue an amount less than or equal to the amount of costs incurred by us to date for contract price adjustments that we seek to collect from customers for delays, errors in specifications or designs, change orders in dispute or unapproved as to scope or price, or other unanticipated additional costs, in each case when recovery of the costs is considered probable. The amount of unapproved change orders and claim revenues is included in our Consolidated Balance Sheets as part of costs and estimated earnings in excess of billings. 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.

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

Billings in excess of costs and estimated earnings represents the excess of contract billings to date over the amount of contract costs and profits (or contract revenue) recognized to date on the percentage of completion accounting method. Costs and estimated earnings in excess of billings represents the excess of contract costs and profits (or contract revenue) recognized to date on the percentage of completion accounting method over contract billings to date. Costs and estimated earnings in excess of billings results when (1) the appropriate contract revenue amount has been recognized in accordance with the percentage of completion accounting method, but a portion of the revenue recorded cannot be billed currently due to the billing terms defined in the contract and/or (2) costs, recorded at estimated realizable value, related to unapproved change orders or claims are incurred. For unapproved change orders or claims that cannot be resolved in accordance with the normal change order process as defined in the contract, we may employ other dispute resolution methods, including mediation, binding and non-binding arbitration, or litigation. See Item 3. Legal Proceedings and Note 8 - Contingencies and Commitments of the Notes to Consolidated Financial Statements in Part IV, Item 15. Exhibits and Financial

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Statement Schedules. 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, 2014 is discussed above under “Use of and Changes in Estimates” and in Note 1 — Description of Business and Summary of Significant Accounting Policies of Notes to Consolidated Financial Statements in Part IV, Item 15. Exhibits and Financial Statement Schedules.

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

We test goodwill and intangible assets with indefinite lives for impairment by applying a fair value test in the fourth quarter of each year and between annual tests if events occur or circumstances change which suggest that the goodwill or intangible assets should be evaluated. Intangible assets with finite lives are tested for impairment whenever events or circumstances indicate that the carrying value may not be recoverable. The first step in the two-step process of the impairment analysis is to determine the fair value of the Company and each of its reporting units and compare the fair value of each 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 that failed the first step and calculating the implied fair value of goodwill. To determine the fair value of the Company and each of its reporting units, we utilize both an income-based valuation approach as well as a market-based valuation approach. The income-based valuation approach is based on the cash flows that the reporting unit expects to generate in the future and it requires us to project revenues, operating expenses, working capital investment, capital spending and cash flows for the reporting unit in a discrete period, as well as determine the weighted-average cost of capital to be used as a discount rate and a terminal value growth rate for the non-discrete period. The market-based valuation approach to estimate the fair value of our reporting units utilizes industry multiples of revenues and operating earnings. We conclude on the fair value of the reporting units by assuming a 67% weighting on the income-based approach and a 33% weighing on the market-based valuation approach.

As part of the valuation process, the aggregate fair value of the Company is compared to its market capitalization at the valuation date in order to determine an implied control premium. In evaluating whether our implied control premium is reasonable, we consider a number of factors including the following factors of greatest significance.

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

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

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

- Weighted-average cost of capital used to discount the projected cash flows;
- Cash flows generated from existing and new work awards; and
- Projected operating margins.

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

To develop the cash flows generated from new work awards and future operating margins, we primarily track prospective work for each of our reporting units on a project-by-project basis as well as the estimated timing of when the work would be bid or prequalified, started and completed. We also give consideration to our relationships with the prospective owners, the pool of competitors that are capable of performing large, complex work, changes in business strategy and the Company's history of success in winning new work

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in each reporting unit. With regard to operating margins, we give consideration to our historical reporting unit operating margins in the end markets that the prospective work opportunities are most significant, current market trends in recent new work procurement, and changes in business strategy.

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

Changes in our assumptions or estimates could materially affect the determination of the fair value of a reporting unit. Such changes in assumptions could be caused by:

- Terminations, suspensions, reductions in scope or delays in the start-up of the revenues and cash flows from backlog as well as the prospective work we track;
- Reductions in available government, state and local agencies and non-residential private industry funding and spending;
- Our ability to effectively compete for new work and maintain and grow market penetration in the regions that the Company operates in;
- Our ability to successfully control costs, work schedule, and project delivery; or
- Broader market conditions, including stock market volatility in the construction industry and its impact on the weighted- average cost of capital assumption.

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

As of December 31, 2014, we have concluded that we do not have an impairment of our goodwill or our indefinite-lived intangible assets and that the estimated fair value of each reporting unit exceeds its carrying value. See Note 3 — Goodwill and Other Intangible Assets of the Notes to Consolidated Financial Statements in Part IV, Item 15. Exhibits and Financial Statement Schedule for additional goodwill disclosure.

At December 31, 2013, the carrying value of our investment in auction rate securities (“ARS”) approximated fair value.

On April 30, 2014, the Company sold its ARS for \$44.5 million. At December 31, 2013 the Company had \$46.3 million invested in these ARS which the Company considered as available-for-sale long-term investments. The long-term investments in ARS held by the Company at December 31, 2013 were in securities collateralized by student loan portfolios. At both March 31, 2014 and December 31, 2013, most of the Company’s ARS were rated AA+ and approximated fair value.

The contingent consideration involved in the purchases of several of our recently acquired entities is also measured at fair value utilizing unobservable (Level 3) inputs. We estimate these fair values utilizing an income approach which is based on the cash flows that the acquired entity is expected to generate in the future. This approach requires management to project revenues, operating expenses, working capital investment, capital spending and cash flows for the reporting unit over a multi-year period, as well as determine the weighted-average cost of capital to be used as a discount rate. See Note 2 — Fair Value Measurements of Notes to Consolidated Financial Statements in Part IV, Item 15. Exhibits and Financial Statement Schedules for more information on our investment in ARS and contingent consideration.

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

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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, 2014.

Insurance Liabilities — We assume the risk for the amount of the 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 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 deductible limits. Currently, our deductible limit for workers' compensation, general liability and automobile coverage is generally \$1.0 million per occurrence, subject to a policy aggregate loss limitation based upon policy exposures. In addition, on certain projects, we assume the risk for the amount of the deductible portion of losses and a co-payment amount that arise from any subcontractor defaults. Our deductible limit for subcontractor default on projects covered under our program ranges from \$0.5 million to \$2.0 million per occurrence, with a co-payment of 20% of the next \$5.0 million, subject to an annual aggregate ranging from \$3.5 million to \$4.0 million.

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 5 - Income Taxes of the Notes to Consolidated Financial Statements in Part IV, Item 15. Exhibits and Financial Statement Schedules. 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.

Our accounting policy requires us to identify and review potential tax uncertainties for tax positions taken or expected to be taken in a tax return and determine whether the exposure to those uncertainties have a material impact on our results of operations or financial condition as of December 31, 2014.

Defined Benefit Retirement Plan — The status of our defined benefit pension plan obligations, related plan assets and cost is presented in Note 7 - Employee Benefit Plans of the Notes to Consolidated Financial Statements in Part IV, Item 15. Exhibits and Financial Statement Schedules. 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 4.47% used for purposes of computing the 2014 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 2015 annual pension expense to 3.75% 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 90% equity, 5% fixed income and 5% cash. We plan to use a return on asset rate of 6.75% in 2015 based on projected equity performance compared to long-term historical averages.

The plans' benefit obligations exceeded the fair value of plan assets on December 31, 2014 and 2013 by \$35 million and \$22.6 million, respectively. Accordingly, we recorded adjustments to our pension liability with an offset to accumulated other comprehensive income (loss), a component of stockholders' equity.

Effective June 1, 2004, all benefit accruals under our pension plan were frozen; however, the vested benefit was preserved. We anticipate that pension expense will increase from \$3.7 million in 2014 to \$4.9 million in 2015. Cash contributions to our defined benefit pension plan are anticipated to be approximately \$2.3 million in 2015. Cash contributions may vary significantly in the future depending upon asset performance and the interest rate environment.

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Results of Operations -

2014 Compared to 2013

Revenues

The following table summarizes our revenues by business segment.

(dollars in millions)	Revenues for the Year ended December 31,			
	2014	2013	\$ Change	% Change
Civil	\$ 1,687.1	\$ 1,441.4	\$ 245.7	17.0 %
Building	1,503.8	1,552.0	(48.2)	(3.1) %
Specialty Contractors	1,301.4	1,182.3	119.1	10.1 %
Total Revenues	\$ 4,492.3	\$ 4,175.7	\$ 316.6	7.6 %

Civil Segment

Civil segment revenues were \$1,687.1 million in 2014, increase of \$245.7 million, or 17%, compared to \$1,441.4 million in 2013. The increase in revenues was due primarily to increased activity on civil projects at Hudson Yards in New York, certain mass transit projects in California and New York, certain bridge projects in the Midwest and New York, and a runway reconstruction project in New York. The increase was partially offset by decreased activity on certain tunnel projects on the West Coast, certain highway projects on the East Coast, and an airport parking apron project in Guam.

Building Segment

Building segment revenues were \$1,503.8 million in 2014, a decrease of \$48.2 million, or 3.1%, compared to \$1,552.0 million in 2013. The decrease was due primarily to decreased activity on hospitality and gaming projects in California, Arizona, Nevada, Louisiana, and Pennsylvania, healthcare projects in California, and a containerized housing project in Iraq. The decrease was partially offset by increased activity on certain mixed-use facility projects in New York (including Hudson Yards), California, and Louisiana, and an industrial project in California.

Specialty Contractors Segment

Specialty Contractors segment revenues were \$1,301.4 million in 2014, an increase of \$119.1 million, or 10.1%, compared to \$1,182.3 million in 2013. The increase was due primarily to increased activity on various mechanical projects on the East Coast, two signal system modernization projects in New York, and various electrical projects in the southern U.S. The increase was partially offset by Hurricane Sandy-related projects performed in 2013.

Income from Construction Operations

The following table summarizes our income (loss) from construction operations by business segment:

(dollars in millions)	Income (Loss) from Construction Operations and Operating Margins for the Year ended December 31,									
	2014		2013		Change in Amount		Margin			
	Amount	Margin	Amount	Margin	\$	%	%	%	%	%
Civil	\$ 220.6	13.1 %	\$ 177.7	12.3 %	\$ 42.9	24.1 %	0.8	%		
Building	24.7	1.6 %	24.5	1.6 %	0.2	0.8 %	—	%		
Specialty Contractors	51.0	3.9 %	49.0	4.1 %	2.0	4.1 %	(0.2)	%		
Corporate	296.3	6.6 %	251.2	6.0 %	45.1	18.0 %	0.6	%		
Income from construction operations	(54.6)	(1.1) %	(47.4)	(1.1) %	(7.2)	15.2 %	—	%		
	241.7	5.4 %	203.8	4.9 %	37.9	18.6 %	0.5	%		

The following discussion of income (loss) from construction operations for the years ended December 31, 2014 and 2013 has been prepared to compare operating results of each segment between the two fiscal years.

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Civil Segment

Civil segment income from construction operations was \$220.6 million in 2014, an increase of \$42.9 million, or 24.1%, compared to \$177.7 million in 2013. The increase was due primarily to the volume changes discussed above under Revenues and net favorable adjustments to anticipated recoveries associated with two legal rulings issued in the second quarter of 2014. The increase was partially offset by reduced activity on certain higher-margin projects.

Civil segment operating margin increased from 12.3% in 2013 to 13.1% in 2014 due primarily to the reasons discussed above.

Building Segment

Building segment income from construction operations was \$24.7 million in 2014, an increase of \$0.2 million, or 0.8%, compared to \$24.5 million in 2013. The increase was due primarily to the volume changes discussed above under Revenues and a decrease in general and administrative expenses in 2014 due primarily to increased staff utilization.

Building segment operating margins remained stable: 1.6% in 2013 and 1.6% in 2014.

Specialty Contractors Segment

Specialty Contractors segment income from construction operations was \$51.0 million in 2014, an increase of \$2.0 million, or 4.1%, compared to \$49.0 million in 2013. The increase was due primarily to the volume changes discussed above under Revenues and improved financial performance in two of our Specialty Contractors business units. The increase was partially offset by a settlement related to a large hospitality and gaming electrical subcontract recorded in the second quarter of 2013.

Specialty Contractors segment operating margin declined from 4.1% in 2013 to 3.9% in 2014 due primarily to lower-than-expected profitability from our mechanical business unit in New York.

Corporate

Corporate general and administrative expenses were \$54.6 million in 2014, an increase of \$7.2 million, or 15.2%, compared to \$47.4 million in 2013. The increase was due primarily to increased performance-based incentive compensation expense.

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

(dollars in millions)	Year Ended December 31,				
	2014	2013	\$ Change	% Change	
Other Income (Expense), net	\$ (9.5)	\$ (18.6)	\$ 9.1	(48.9)	%
Interest Expense	44.7	45.6	(0.9)	(2.0)	%
Provision for Income Taxes	79.5	52.3	27.2	52.0	%

Other income (expense), net, decreased by \$9.1 million, or 48.9%, during 2014 compared to 2013 due primarily to decreases in contingent consideration related to past business acquisitions.

Interest expense decreased by \$0.9 million, or 2.0%, during 2014 compared to 2013 due primarily to lower interest rates, offset by an increased level of borrowings.

The provision for income taxes was \$79.5 million during 2014 compared to \$52.3 million during 2013. The increase was due primarily to increased net income and increased activity in certain higher-tax jurisdictions.

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Results of Operations -

2013 Compared to 2012

During the first quarter of 2014, we completed a reorganization which resulted in the elimination of the Management Services reporting unit and reportable segment. The Management Services reporting unit formerly consisted of the following subsidiary companies: Black Construction and Perini Management Services. The reorganization was completed due to changes in volume of business resulting in a change in organizational structure as the unit no longer met the criteria set forth in FASB ASC Topic 280, "Segment Reporting". The following information has been restated as required by U.S. GAAP to include the affected subsidiary companies in the Civil and Building segments and remove the Management Services segment accordingly .

Revenues

The following table summarizes our revenues by segment.

	Revenues for the Year ended December 31,			
			\$	%
(dollars in millions)	2013	2012	Change	Change
Civil	\$ 1,441.4	\$ 1,336.0	\$ 105.4	7.9 %
Building	1,552.0	1,592.5	(40.5)	(2.5) %
Specialty Contractors	1,182.3	1,183.0	(0.7)	(0.1) %
Total Revenues	\$ 4,175.7	\$ 4,111.5	\$ 64.2	1.6 %

Civil Segment

Civil segment revenues were \$1,441.4 million in 2013, an increase of \$105.4 million, or 7.9%, compared to \$1,336.0 million in 2012. The increase was due primarily to the start-up of civil projects at Hudson Yards in New York and certain rail transportation projects in California, as well as increased activity on pipeline projects in the Midwest, a large tunnel project in Washington, an airport runway expansion project in Florida, and an aircraft parking apron

project in Guam. The increase was partially offset by the substantial completion of a bridge rehabilitation project in New York, reduced activity on a large tunnel project in California, and several smaller civil and mining projects in the Midwest and on the East Coast.

Building Segment

Building segment revenues were \$1,552.0 million in 2013, consistent with \$1,592.5 million in 2012. The Building segment experienced increased activity on hospitality and gaming projects in California, Arizona and Nevada, courthouse projects in California and Florida, the Hudson Yards project in New York, and a containerized housing project in Iraq. These increases were offset by reduced activity on several building projects in the southern U.S. in 2013 and reduced activity on several large healthcare projects in California.

Specialty Contractors Segment

Specialty Contractors segment revenues were \$1,182.3 million in 2013, consistent with \$1,183.0 million in 2012. The Specialty Contractors segment experienced increased activity on various electrical projects on the West Coast and in the southern U.S., and on work performed in New York in connection with damage caused by Hurricane Sandy. These increases were offset by reduced activity on several electrical and mechanical projects in New York and on various smaller concrete placement projects on the east and west coasts.

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Income (Loss) from Construction Operations

The following table summarizes our income (loss) from construction operations by business segment:

(dollars in millions)	Income (Loss) from Construction Operations and Operating Margins before Impairment Charges									
	Year ended December 31,				Change in					
	2013		2012		Amount		Margin			
	Amount	Margin	Amount	Margin	\$	%		%	%	%
Civil	\$ 177.7	12.3 %	\$ 118.7	8.9 %	\$ 59.0	49.7 %		3.4 %		
Building	24.5	1.6 %	2.1	0.1 %	22.4	1,066.7 %		1.5 %		
Specialty Contractors	49.0	4.1 %	79.1	6.7 %	(30.1)	(38.1) %		(2.6) %		
Corporate	251.2	6.0 %	199.9	4.9 %	51.3	25.7 %		1.1 %		
	(47.4)	(1.1) %	(45.1)	(1.1) %	(2.3)	5.1 %		— %		
Income from construction operations before impairment charges	203.8	4.9 %	154.8	3.8 %	49.0	31.6 %		1.1 %		
Goodwill and intangible asset impairment:										
Civil	—		82.5							
Building	—		282.6							
Specialty Contractors	—		11.5							
	—		376.6							
Income (loss) from construction operations	\$ 203.8		\$ (221.8)							

Civil Segment

Civil segment income from construction operations was \$177.7 million in 2013, an increase of \$59.0 million, or 49.7%, compared to \$118.7 million in 2012. The increase was due primarily to the increase in volume discussed above under Revenues and favorable productivity on an aircraft parking apron project in Guam.

Civil segment operating margin increased from 8.9% in 2012 to 12.3% in 2013 due primarily to an increased mix of higher-margin civil projects in certain parts of the U.S.

Building Segment

Building segment income from construction operations was \$24.5 million in 2013, an increase of \$22.4 million, or 1066.7%, compared to an income of \$2.1 million in 2012. The increase was due primarily to the volume changes discussed above under Revenues, an increase in estimated recoveries on a certain large hospitality and gaming project in Nevada, certain unrecoverable costs incurred in 2012 related to an educational facility in Alabama, and a decrease in general and administrative expenses in 2013 due primarily to staffing reductions and increased staff utilization. Building segment operating margin increased from 0.1% in 2012 to 1.6% in 2013 due primarily to the reasons discussed above.

Specialty Contractors Segment

Specialty Contractors segment income from construction operations was \$49.0 million in 2013, a decrease of \$30.1 million, or 38.1%, as compared to \$79.1 million in 2012. The decrease in income from construction operations during 2013 was primarily driven by the changes in Revenues discussed above, favorable productivity in 2012 on several electrical and mechanical projects in New York, as well as changes to certain project cost estimates associated with unfavorable execution issues on various smaller concrete placement projects. The decrease was partially offset by work performed in New York in connection with damage caused by Hurricane Sandy and a favorable settlement related to a large hospitality and gaming electrical subcontract.

Specialty Contractors segment operating margin decreased from 6.7% in 2012 to 4.1% in 2013 due primarily to the above-mentioned reasons.

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Corporate

Corporate general and administrative expenses were \$47.4 million in 2013, an increase of \$2.3 million, or 5.1%, compared to \$45.1 million in 2012. The increase was due primarily to increased performance-based incentive compensation expense.

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

(dollars in millions)	Year Ended			
	December 31,			
	2013	2012	\$	%
Other Income (Expense), net	\$ (18.6)	\$ (1.9)	\$ (16.7)	(878.9) %
Interest Expense	45.6	44.2	1.4	3.2 %
Provision (Benefit) for Income Taxes	52.3	(2.4)	54.7	2,279.2 %

Other income (expense), net, increased by \$16.7 million, or 878.9%, during 2013 compared to 2012 due primarily to a net increase in certain business acquisition-related expenses in 2013.

Interest expense increased by \$1.4 million, or 3.2%, during 2013 compared to 2012 due primarily to additional borrowings on our revolving line of credit.

The provision for income taxes was \$52.3 million during 2013 compared to a benefit of \$2.4 million during 2012. The effective income rate increased from 0.9% in 2012 to 37.5% in 2013 was due primarily to the \$376.6 million impairment charge in the second quarter of 2012 and discrete items. The income tax expense for 2013 include discrete items of \$(1.1) million related mainly to favorable federal and state audit settlements, and \$0.9 million related to 2012 return true-up adjustments, compared to \$3.6 million for 2012 related mainly to stock-based compensation items.

Liquidity and Capital Resources

Cash and Working Capital

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

At December 31, 2014 and 2013, cash held by us and available for general corporate purposes was \$40.8 million and \$36.6 million, respectively. Our proportionate share of cash held by joint ventures and available only for joint venture-related uses, including distributions to joint venture partners, was \$94.7 million and \$83.3 million, at December 31, 2014 and 2013, respectively, and our restricted cash was \$44.4 million and \$42.6 million, at December 31, 2014 and 2013, respectively.

We do not believe that it is likely that we will be called upon to contribute significant additional capital in the event of default by any of our joint venture partners. We require each partner in the joint ventures in which we participate to accept joint and several responsibility for all obligations of the joint venture. Prior to forming a joint venture, we conduct a thorough analysis of the prospective partner to determine its capabilities, specifically relating to construction expertise, track record for delivering a quality product on time, reputation in the industry, as well as financial strength and available liquidity. We utilize a number of resources to verify a potential joint venture partner's financial condition, including credit rating reports and financial information contained in its audited financial statements. We specifically review a potential partner's available liquidity and bonding capacity. In the event we are concerned with the financial viability of a potential partner, we will require substantial cash contributions upon inception of the joint venture to mitigate the risk that we would be required to cover a disproportionate share of the joint venture's future cash needs.

The majority of our joint venture contracts are for various government agencies that typically require the joint venture and/or our partners to complete a thorough pre-qualification process. This pre-qualification process typically includes the verification of each partner's financial condition and capacity to perform the work, as well as the issuance of performance bonds by surety companies who also independently verify each partner's financial condition.

Billing procedures in the construction industry 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

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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 fiscal years 2014, 2013, and 2012 is set forth below:

	Year Ended December 31,		
	2014	2013	2012
	(In millions)		
Cash flows provided (used) by:			
Operating activities	\$ (56.7)	\$ 50.7	\$ (67.9)
Investing activities	(27.0)	(43.6)	(16.8)
Financing activities	99.3	(55.2)	48.5
Net increase (decrease) in cash	15.6	(48.1)	(36.2)
Cash at beginning of year	119.9	168.0	204.2
Cash at end of year	\$ 135.5	\$ 119.9	\$ 168.0

During 2014, we used \$56.7 million in cash from operating activities due primarily to the timing of collections in the Specialty and Building segments and cash payments for interest on our outstanding debt and income taxes. We used \$27.0 million in cash from investing activities due primarily to the purchase of construction equipment of \$75.0 million offset by the proceeds from the sale of our ARS of \$44.5 million, and proceeds from the sale of construction equipment of \$5.3 million. We received \$99.3 million in cash from financing activities, due primarily to borrowings under our revolving facility offset by cash used for scheduled debt repayments and business acquisition related payments.

During 2013, we generated \$50.7 million in cash from operating activities, due primarily to net income earned and payments received related to the CityCenter matter, offset by cash paid for interest and taxes and payments related to the Brightwater matter. See Note 8 — Contingencies and Commitments of Notes to Consolidated Financial Statements in Part IV, Item 15. Exhibits and Financial Statement Schedules for more information on Brightwater and CityCenter. We used \$43.6 million in cash from investing activities, due primarily to the purchase of construction equipment of \$42.4 million. We used \$55.2 million in cash from financing activities, due primarily to net debt repayments of \$23.5 million and business acquisition related payments of \$31.0 million.

During 2012, we used \$67.9 million in cash to fund operating activities, due primarily to the timing of collections in the Building segment and cash payments for interest on our outstanding debt and income taxes. We used \$16.8 million in cash from investing activities, due primarily to purchase construction equipment, offset by the proceeds from the sales of several of our ARS and construction equipment. We received \$48.5 million in cash from financing activities, due primarily to borrowings under our revolving facility offset by cash used for scheduled debt repayments and business acquisition related payments.

At December 31, 2014, we had working capital of \$1.1 billion, a ratio of current assets to current liabilities of 1.82, and a ratio of debt to equity of 0.63 compared to working capital of \$0.8 billion, a ratio of current assets to current liabilities of 1.61 and a ratio of debt to equity of 0.59 at December 31, 2013. Our stockholders' equity increased to \$1.4 billion as of December 31, 2014, compared to \$1.2 billion as of December 31, 2013. At December 31, 2014, we were in compliance with the covenants under our credit agreement.

Off-Balance Sheet Arrangements

Except for one immaterial variable interest entity, we do not have financial partnerships with unconsolidated entities, such as entities often referred to as structured finance or special purpose entities which are often established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. The one variable interest entity in which we participate does not pose off-balance sheet arrangements or increased risk due to our participation. Accordingly, we are not exposed to any financing, liquidity, market or credit risk that could arise from such relationships.

Debt

Debt was \$865.4 million at December 31, 2014, an increase of \$131.5 million from \$733.9 million at December 31, 2013, due primarily to the net increase of \$127.5 million in borrowings on our term loan partially offset by a \$5.0 million decrease in our revolving credit facility. We utilized the revolving facility for outstanding letters of credit in the amount of \$1.0 million. Accordingly, at December 31, 2014, we had \$169.0 million available to borrow under our credit agreement.

Excluding the outstanding borrowings of \$130.0 million on our revolving line of credit, unsecured senior notes of \$298.8 million and our \$250 million term loan (which had been paid down to \$242.5 million as of December 31, 2014), the remaining balance of \$194.1

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million of our outstanding debt is generally secured by the underlying assets. Our debt to equity ratio was 0.63 to 1.00 as of December 31, 2014 compared to 0.59 to 1.00 as of December 31, 2013.

Amended Credit Agreement

On August 2, 2012, we entered into a First Amendment (the “First Amendment”) to our Fifth Amended and Restated Credit Agreement (the “Credit Agreement”) entered into on August 3, 2011 as Borrower, with Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer. The First Amendment modified the financial covenants under the Credit Agreement to allow for more favorable minimum net worth, minimum fixed charge and maximum leverage ratios for us and also to add several new financial covenants including minimum liquidity and a consolidated senior leverage ratio. The First Amendment also modified the applicable interest rates for amounts outstanding under the credit facility as well as the quarterly fees per annum for the unused portion of the credit facility.

On June 5, 2014, we entered into a Sixth Amended and Restated Credit Agreement, (the “Credit Facility”) restructuring our former \$300 million revolving credit facility and \$200 million Term Loan. All outstanding amounts under the Fifth Amended and Restated Credit Agreement were repaid in full using proceeds of the Credit Facility. The new agreement provides for a \$300 million revolving credit facility (the “Revolving Credit Facility”) and a \$250 million term loan (the “Term Loan”) with Bank of America, N.A. as Administrative Agent, Swing Line Lender and L/C Issuer and a syndicate of other lenders. The Term Loan principal is to be repaid on a quarterly basis, with 6.0% of the original total outstanding principal repaid in year 1, 9.0% in year 2, 12.0% in year 3, 15.0% in year 4 and 13.5% in year 5 along with a balloon payment of the remaining 44.5% due at maturity. Borrowings under the Revolving Credit Facility bear interest based either on Bank of America’s prime lending rate or the London Interbank Offered Rate (“LIBOR”) plus an applicable margin. Borrowings under the Term Loan bear interest based on LIBOR plus an applicable margin. Included in the Credit Facility is a special provision allowing an additional accordion provision, which we may opt to utilize at a future date to increase either the Revolving Credit Facility or establish one or more new term loan commitments, up to an aggregate amount not to exceed \$300 million. The Credit Facility provides a sublimit for the issuance of letters of credit up to the aggregate amount of \$150 million. Both the Revolving Credit Facility and the Term Loan mature on June 5, 2019.

The Revolving Credit Facility and Term Loan include usual and customary covenants for credit facilities of this type, including covenants providing maximum allowable ranges of consolidated leverage ratios from 3.75:1.00 to 2.75:1.00 over a range of five years and maintaining a minimum consolidated fixed charge coverage ratio of 1.25:1.00. The Credit Facility eliminated the other covenant requirements that were formerly held under the Fifth Amended and Restated Credit Agreement.

Substantially all of our subsidiaries unconditionally guarantee our obligations under the Credit Facility. The obligations under the Credit Facility are secured by a lien on all personal property of the Company and our subsidiaries party thereto. Any outstanding loans under the Revolving Facility and the Term Loan mature on June 5, 2019. The Term Loan balance was \$242.5 million at December 31, 2014. The first quarterly term loan payment under the Credit Facility was due and paid on September 30, 2014. We were in compliance with the modified financial covenants under the Credit Facility for the period ended December 31, 2014.

We had \$130.0 million of outstanding borrowings under our Revolving Facility as of December 31, 2014 and \$135.0 million of outstanding borrowings under the former Revolving Facility as of December 31, 2013. The net change in borrowings under the Revolving Facility comprises all “Proceeds from debt” and a significant portion of all “Repayment of debt” as presented in the Consolidated Condensed Statements of Cash Flows. We utilized the Revolving Facility for letters of credit in the amount of \$1.0 million as of December 31, 2014 and \$0.2 million under the former Revolving Facility as of December 31, 2013. Accordingly, at December 31, 2014, we had \$169.0 million available to borrow under the Revolving Facility.

On August 26, 2011, we entered into a swap agreement (“Swap Agreement”) with Bank of America, N.A. to establish a long-term interest rate for the Term Loan discussed above. The Swap Agreement pertains to the Term Loan principal balance outstanding at January 31, 2012 and will remain effective through the maturity date in June 2016.. Amounts outstanding under the Swap Agreement will bear interest at a rate equal to, the Applicable Rate, as defined in the Amended Credit Agreement (based upon our consolidated leverage ratio) plus 97.5 basis points. The Swap Agreement includes quarterly installments of principal and monthly installments of interest payable through the maturity date.

7.625% Senior Notes due 2018

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

The Senior Notes mature on November 1, 2018, and bear interest at a rate of 7.625% per annum, payable semi-annually in cash in arrears on May 1 and November 1 of each year, beginning on May 1, 2011. The Senior Notes are our senior unsecured obligations and

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are guaranteed by substantially all of our existing and future subsidiaries that guarantee obligations under our Amended Credit Agreement.

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

The Senior Notes became redeemable, in whole or in part, on and at any time after November 1, 2014, at the redemption prices specified in the Indenture, together with accrued and unpaid interest, if any, to the redemption date.

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

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

Debt Agreements from Acquisitions

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

Collateralized Loans

During 2014 and 2013, we entered into several equipment financing arrangements for our existing and recently acquired equipment fleets as discussed in more detail below. We attempted to take advantage of the opportunity to fix low interest rates for these fleets which have provided additional cash flows available for general corporate purposes.

During 2014, we obtained equipment financing totaling \$46.5 million at fixed rates ranging from 2.12% to 2.69%, payable in equal monthly installments for forty-eight to sixty months.

During 2013, we obtained equipment financing totaling \$25.8 million at fixed rates ranging from 2.28% to 3.09%, payable in equal monthly installments for sixty months. We obtained a mortgage loan of \$9.6 million collateralized by land and improvements located in Houston, Texas, with equal monthly installments over a 30-year period at LIBOR plus 3.00% with a balloon payment of \$6.7 million due in 2023.

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Contractual Obligations

Our outstanding contractual obligations as of December 31, 2014 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	\$ 865,359	\$ 73,184	\$ 145,680	\$ 486,245	\$ 160,250
Interest payments on debt	223,436	44,357	78,083	40,701	60,295
Operating leases, net	98,930	22,286	31,213	15,781	29,650
Purchase obligations (a)	4,767	1,094	874	896	1,903
Acquisition-related liabilities	32,814	11,244	21,570	—	—
Unfunded pension liability	34,879	6,288	12,752	13,201	2,638
Insurance claim payable (b)	36,897	7,378	7,378	7,379	14,762
Other	10,205	1,727	1,502	6,976	—
Total contractual obligations	\$ 1,307,287	\$ 167,558	\$ 299,052	\$ 571,179	\$ 269,498

(a) Purchase obligations consists primarily of software licensing and maintenance contracts.

(b) The insurance claim payable represents expected insurance loss amounts to be received from the insurance carriers and to be paid in claims respectively.

Stockholders' Equity

Our book value per common share was \$28.06 at December 31, 2014, compared to \$25.76 at December 31, 2013, and \$24.05 at December 31, 2012. The major factors impacting stockholders' equity during the three year period were the net income (loss) recorded in all three years; the annual amortization of stock compensation expense; common stock options exercised; and the excess income tax benefit attributable to stock-based compensation. Also, we were required to adjust our accrued pension liability by a increase of \$13.9 million in 2014, an decrease of \$18.7 million in 2013, an increase of \$1.7 million in 2012, and a cumulative increase of \$59.3 million in prior years, with the offset to accumulated other comprehensive income (loss) which resulted in an aggregate \$56.2 million pretax accumulated other comprehensive loss reduction in stockholders' equity at December 31, 2014 (see Note 7 — Employee Benefit Plans

of the Notes to Consolidated Financial Statements in Part IV, Item 15. Exhibits and Financial Statement Schedules). 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.

Related Party Transactions

We are subject to certain related party transactions with our Chairman and Chief Executive Officer, Ronald N. Tutor, and Raymond R. Oneglia, the Vice Chairman of O&G Industries, Inc., one of our directors. A more detailed description of these transactions will be set forth in the sections entitled "Certain Relationships and Related Party Transactions" in the definitive proxy statement in connection with our 2015 Annual Meeting of Stockholders (the "Proxy Statement"), which section is incorporated herein by reference.

New Accounting Pronouncements

In February 2013, the FASB issued ASU 2013-04 Liabilities (Topic 405), which provides guidance for the recognition, measurement, and disclosure of obligations resulting from joint and several liability arrangements for which the total amount of the obligation within the scope of this guidance is fixed at the reporting date. This ASU is an update to FASB ASC Topic 405, "Liabilities". The amendments in this ASU are effective for fiscal years, and interim periods within those years, beginning after December 15, 2013. The adoption of this guidance did not have a material impact on the Company's financial statements.

In July 2013, the FASB issued ASU No. 2013-11, Income Taxes (Topic 740): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists (a consensus of the Emerging Issues Task Force). This ASU addresses when unrecognized tax benefits should be presented as reductions to deferred tax assets for net operating loss carryforwards in the financial statements. This ASU is effective prospectively for fiscal years, and interim periods within those

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years, beginning after December 15, 2013. The adoption of this guidance did not have a material impact on the Company's financial statements.

In May 2014, the FASB issued FASB ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606), which supersedes the revenue recognition requirements in ASC 605, Revenue Recognition. This ASU addresses when an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This ASU is effective for annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period, using one of two retrospective application methods. Early application is not permitted. The Company is currently evaluating the effect that the adoption of this ASU will have on its financial statements.

In June 2014, the FASB issued ASU No. 2014-12, Compensation — Stock Compensation (Topic 718): Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period, clarifying the recognition timing of expense associated with certain performance based stock awards when the performance target that affects vesting could be achieved after the requisite service period. This ASU is an update to FASB ASC Topic 718 and is effective for fiscal years, and interim periods within those years, beginning after December 15, 2015 with earlier adoption permitted. The adoption of this guidance is not expected to have a material impact on the Company's financial statements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our exposure to market risk for changes in interest rates primarily relates to borrowings under our Amended Credit Agreement, our Term Loan, and our short-term and long-term investment portfolios. Our Revolving Facility is available for us to borrow, when needed, for general corporate purposes, including working capital requirements and capital expenditures. Borrowings under our Revolving Facility and outstanding principal on our Term Loan bear interest at the applicable LIBOR or base rate, as defined, and therefore we are subject to fluctuations in interest rates. We borrowed on the revolving line of credit in 2014, 2013 and 2012.

Accordingly, we do not believe our liquidity or our operations are subject to significant market risk for changes in interest rates.

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 Annual Report on Form 10-K and are incorporated herein 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, the Company, with the participation of our Chief Executive Officer and Chief Financial Officer, has carried out an evaluation, of the effectiveness of the design and operation of our disclosure controls and procedures as of December 31, 2014. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, as of December 31, 2014, our disclosure controls and procedures were effective, in that they provide reasonable assurance that information required to be disclosed in our reports filed or submitted under the Exchange Act were recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. Our disclosure controls and procedures are 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.

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). In designing and evaluating our system of internal control over financial reporting, we recognize that inherent limitations exist in any control system no matter how well designed and operated, and we can only provide reasonable, not absolute, assurance of achieving the desired control objectives. In making this assessment, management utilized the criteria issued in Internal Control — Integrated Framework by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission (2013 Framework). Based on this assessment, management concluded that, as of December 31, 2014, our internal control over financial reporting was effective based on those criteria.

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Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. In addition, projections of any evaluation of the effectiveness to future periods are subject to the risk that controls may become inadequate due to changes in conditions, or that the degree of compliance with policies and procedures may deteriorate.

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, 2014.

Changes in Internal Control over Financial Reporting - There were no changes in our internal control over financial reporting for the fiscal quarter ended December 31, 2014 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Tutor Perini Corporation

Sylmar, California

We have audited the internal control over financial reporting of Tutor Perini Corporation and subsidiaries (the "Company") as of December 31, 2014, based on criteria established in Internal Control — Integrated Framework (2013) 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, 2014, based on the criteria established in Internal Control — Integrated Framework (2013) 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, 2014 of the Company and our report dated February 26, 2015 expressed an unqualified opinion on those financial statements.

/s/ Deloitte & Touche LLP

Los Angeles, California

February 26, 2015

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ITEM 9B. OTHER INFORMATION

None.

PART III.

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this Item 10 is hereby incorporated by reference from our definitive proxy statement to be filed within 120 days after the end of the fiscal year 2014.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item 11 is hereby incorporated by reference from our definitive proxy statement to be filed within 120 days after the end of the fiscal year 2014.

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

The information required by this Item 12 is hereby incorporated by reference from our definitive proxy statement to be filed within 120 days after the end of the fiscal year 2014.

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

The information required by this Item 13 is hereby incorporated by reference from our definitive proxy statement to be filed within 120 days after the end of the fiscal year 2014.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this Item 14 is hereby incorporated by reference from our definitive proxy statement to be filed within 120 days after the end of the fiscal year 2014.

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PART IV.

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

TUTOR PERINI CORPORATION AND SUBSIDIARIES

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

	Pages
Consolidated Financial Statements of the Registrant	
<u>Consolidated Balance Sheets as of December 31, 2014 and 2013</u>	48 – 49
<u>Consolidated Statements of Operations for the years ended December 31, 2014, 2013, and 2012</u>	50
<u>Consolidated Statements of Comprehensive Income (Loss) for the years ended December 31, 2014, 2013, and 2012</u>	51
<u>Consolidated Statements of Stockholders' Equity for the years ended December 31, 2014, 2013, and 2012</u>	52
<u>Consolidated Statements of Cash Flows for the years ended December 31, 2014, 2013, and 2012</u>	53 – 54
<u>Notes to Consolidated Financial Statements</u>	55 – 104
<u>Report of Independent Registered Public Accounting Firm</u>	101

(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 Annual Report on Form 10-K or which are incorporated herein by reference are set forth in the Exhibit Index which appears on pages 102 through 103.

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SIGNATURES

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

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Tutor Perini
Corporation
(Registrant)

Dated: February 26, 2015 By: /s/James A. Frost
James A. Frost
President and Chief
Operating Officer

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

Signature	Title	Date
Ronald N. Tutor	Principal Executive Officer Chairman and Chief Executive Officer	February 26, 2015

By: /s/Ronald N. Tutor
Ronald N. Tutor

Michael J. Kershaw	Principal Financial Officer Executive Vice President and Chief Financial Officer	February 26, 2015
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By: /s/Michael J. Kershaw
Michael J. Kershaw

Principal Accounting
Officer
Ronald P. Marano II

Vice
President
and Chief
Accounting
Officer February 26, 2015

By: /s/Ronald P. Marano II
Ronald P. Marano II

Directors

Ronald N. Tutor)
Marilyn A. Alexander)
Peter Arkley)
James A. Frost)
Sidney J. Feltenstein) /s/James A. Frost
Michael R. Klein) James A. Frost
Robert C. Lieber) Attorney in Fact
Dale A. Reiss
Raymond R. Oneglia)
Donald D. Snyder)
Dickran M. Tevrizian, Jr.) Dated: February 26, 2015

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TUTOR PERINI CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(in thousands, except share data)

	At December 31,	
	2014	2013
ASSETS		
CURRENT ASSETS:		
Cash, including cash equivalents of \$12,044 and \$6,437	\$ 135,583	119,923
Restricted cash	44,370	42,594
Accounts receivable, including retainage of \$382,891 and \$364,239	1,479,504	1,291,246
Costs and estimated earnings in excess of billings	726,402	573,248
Deferred income taxes	17,962	8,240
Other current assets	68,735	50,669
Total current assets	2,472,556	2,085,920
LONG-TERM INVESTMENTS	—	46,283
PROPERTY AND EQUIPMENT, at cost:		
Land	41,307	41,307
Buildings and improvements	120,796	118,312
Construction equipment	426,379	370,452
Other equipment	159,148	151,847
	747,630	681,918
Less – Accumulated depreciation	220,028	183,793
Total property and equipment, net	527,602	498,125
GOODWILL	585,006	577,756
INTANGIBLE ASSETS, NET	100,254	113,740
OTHER ASSETS	87,897	75,614
Total assets	\$ 3,773,315	3,397,438

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

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	At December 31,	
	2014	2013
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current maturities of long-term debt	\$ 81,292	\$ 114,658
Accounts payable, including retainage of \$142,586 and \$137,944	798,174	758,225
Billings in excess of costs and estimated earnings	319,296	267,586
Accrued expenses and other current liabilities	159,814	158,017
Total current liabilities	1,358,576	1,298,486
 LONG-TERM DEBT, less current maturities	 784,067	 619,226
 DEFERRED INCOME TAXES	 150,371	 114,333
 OTHER LONG-TERM LIABILITIES	 114,796	 117,858
 Total liabilities	 2,407,810	 2,149,903
 CONTINGENCIES AND COMMITMENTS (Note 8)		
 STOCKHOLDERS' EQUITY:		
Preferred stock, \$1 par value:		
Authorized – 1,000,000 shares		
Issued and outstanding – none	—	—
Common stock, \$1 par value:		
Authorized – 75,000,000 shares		
Issued and outstanding – 48,671,492 shares and 48,421,467 shares	48,671	48,421
Additional paid-in capital	1,025,941	1,007,918
Retained earnings	332,511	224,575
Accumulated other comprehensive loss	(41,618)	(33,379)
Total stockholders' equity	1,365,505	1,247,535
 Total liabilities and stockholders' equity	 \$ 3,773,315	 \$ 3,397,438

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

(in thousands, except per share data)

	Year ended December 31,		
	2014	2013	2012
Revenues	\$ 4,492,309	\$ 4,175,672	\$ 4,111,471
Cost of operations	3,986,867	3,708,768	3,696,339
Gross profit	505,442	466,904	415,132
General and administrative expenses	263,752	263,082	260,369
Goodwill and intangible asset impairment	—	—	376,574
INCOME (LOSS) FROM CONSTRUCTION OPERATIONS	241,690	203,822	(221,811)
Other expense, net	(9,536)	(18,575)	(1,857)
Interest expense	(44,716)	(45,632)	(44,174)
Income (Loss) before income taxes	187,438	139,615	(267,842)
(Provision) benefit for income taxes	(79,502)	(52,319)	2,442
NET INCOME (LOSS)	\$ 107,936	\$ 87,296	\$ (265,400)
BASIC EARNINGS (LOSS) PER COMMON SHARE	\$ 2.22	\$ 1.82	\$ (5.59)
DILUTED EARNINGS (LOSS) PER COMMON SHARE	\$ 2.20	\$ 1.80	\$ (5.59)
WEIGHTED-AVERAGE COMMON SHARES OUTSTANDING:			
BASIC	48,562	47,851	47,470
Effect of dilutive stock options and restricted stock units	552	738	—
DILUTED	49,114	48,589	47,470

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

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TUTOR PERINI CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(in thousands)

	Year ended December 31,		
	2014	2013	2012
NET INCOME (LOSS)	\$ 107,936	\$ 87,296	\$ (265,400)
OTHER COMPREHENSIVE (LOSS) INCOME :			
Change in pension benefit plans assets/liabilities *	(13,887)	18,675	(1,697)
Foreign currency translation	(1,086)	(1,212)	608
Change in fair value of investments	345	(744)	396
Change in fair value of interest rate swap	594	948	(1,659)
Realized loss on sale of investments recorded in net income (loss)	—	—	3,224
Other comprehensive (loss) income before taxes	(14,034)	17,667	872
INCOME TAX EXPENSE (BENEFIT):			
Tax adjustment on minimum pension liability *	(5,732)	7,765	(87)
Foreign currency translation	(448)	(474)	226
Change in fair value of investments	141	(189)	158
Change in fair value of interest rate swap	245	370	(685)
Realized loss on sale of investments recorded in net income (loss)	—	—	1,219
Income tax expense	(5,794)	7,472	831
NET OTHER COMPREHENSIVE (LOSS) INCOME	(8,240)	10,195	41
TOTAL COMPREHENSIVE INCOME (LOSS)	\$ 99,696	\$ 97,491	\$ (265,359)

*See discussion under Defined Benefit Pension Plan in Note 7 — Employee Benefit Plans.

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

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TUTOR PERINI CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(in thousands)

	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total
Balance - December 31, 2011	\$ 47,329	\$ 993,434	\$ 402,679	\$ (43,615)	\$ 1,399,827
Net income	—	—	(265,400)	—	(265,400)
Other comprehensive loss	—	—	—	41	41
Total comprehensive income					(265,359)
Tax effect of stock-based compensation	—	(195)	—	—	(195)
Stock-based compensation expense	—	9,470	—	—	9,470
Issuance of common stock, net	227	(106)	—	—	121
Balance - December 31, 2012	\$ 47,556	\$ 1,002,603	\$ 137,279	\$ (43,574)	\$ 1,143,864
Net loss	—	—	87,296	—	87,296
Other comprehensive income	—	—	—	10,195	10,195
Total comprehensive income					97,491
Tax effect of stock-based compensation	—	(7)	—	—	(7)
Stock-based compensation expense	—	6,623	—	—	6,623
Issuance of common stock, net	865	(1,301)	—	—	(436)
Balance - December 31, 2013	\$ 48,421	\$ 1,007,918	\$ 224,575	\$ (33,379)	\$ 1,247,535
Net income	—	—	107,936	—	107,936
Other comprehensive income	—	—	—	(8,240)	(8,240)
Total comprehensive income					99,696
Tax effect of stock-based compensation	—	786	—	—	786
Stock-based compensation expense	—	18,616	—	—	18,616
Issuance of common stock, net	250	(1,378)	—	—	(1,128)
Balance - December 31, 2014	\$ 48,671	\$ 1,025,942	\$ 332,511	\$ (41,619)	\$ 1,365,505

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

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TUTOR PERINI CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

	Twelve months ended December 31,		
	2014	2013	2012
Cash Flows from Operating Activities:			
Net income (loss)	\$ 107,936	\$ 87,296	\$ (265,400)
Adjustments to reconcile net (loss) income to net cash from operating activities:			
Goodwill and intangible asset impairment	—	—	376,574
Depreciation	40,216	43,383	40,583
Amortization of intangible assets and debt issuance costs	15,756	16,027	20,874
Stock-based compensation expense	18,615	6,623	9,470
Excess income tax benefit from stock-based compensation	(787)	(1,148)	—
Deferred income taxes	21,460	9,009	(25,606)
Adjustment interest rate swap to fair value	—	—	264
Loss on sale of investments	1,786	—	2,699
Loss on sale of property and equipment	801	49	316
Other long-term liabilities	3,074	23,107	(5,104)
Other non-cash items	3,273	(3,719)	148
Cash from changes in other components of working capital:			
(Increase) decrease in:			
Accounts receivable	(186,384)	(62,991)	50,655
Costs and estimated earnings in excess of billings	(153,153)	(107,983)	(106,604)
Other current assets	(17,450)	25,250	2,237
Increase (decrease) in:			
Accounts payable	33,667	59,169	(89,252)
Billings in excess of costs and estimated earnings	51,711	(36,835)	(82,521)
Accrued expenses	2,801	(6,509)	2,804
NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES	(56,678)	50,728	(67,863)
Cash Flows from Investing Activities:			
Acquisition of property and equipment excluding financed purchases	(75,013)	(42,360)	(41,352)
Proceeds from sale of property and equipment	5,335	2,663	11,759
Investment in available-for-sale securities	—	—	(535)
Proceeds from sale of available-for-sale securities	44,497	—	16,553
Change in restricted cash	(1,776)	(3,877)	(3,280)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(26,957)	(43,574)	(16,855)

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

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TUTOR PERINI CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

(in thousands)

	Twelve months ended December 31,		
	2014	2013	2012
Cash Flows from Financing Activities:			
Proceeds from debt	1,156,739	653,280	688,425
Repayment of debt	(1,026,349)	(676,795)	(626,122)
Business acquisition related payments	(26,430)	(31,038)	(11,462)
Excess income tax benefit from stock-based compensation	787	1,148	—
Issuance of Common stock and effect of cashless exercise	(1,771)	(1,882)	(308)
Debt issuance costs	(3,681)	—	(1,999)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	99,295	(55,287)	48,534
Net Increase/(Decrease) in Cash and Cash Equivalents	15,660	(48,133)	(36,184)
Cash and Cash Equivalents at Beginning of Year	119,923	168,056	204,240
Cash and Cash Equivalents at End of Year	\$ 135,583	\$ 119,923	\$ 168,056
Supplemental Disclosure of Cash Paid For:			
Interest	\$ 45,236	\$ 41,207	\$ 40,183
Income taxes	\$ 75,494	\$ 28,898	\$ 16,309
Supplemental Disclosure of Non-Cash Transactions:			
Grant date fair value of common stock issued for services	\$ 6,261	\$ 18,290	\$ 5,075
Property and equipment acquired through financing arrangements not included above	\$ 816	\$ 16,689	\$ 2,050

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

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[1] Description of Business and 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 customers and public agencies throughout the world. The Company’s construction business is conducted through three basic segments or operations: Civil, Building, and Specialty Contractors. The Civil segment specializes in public works construction and the repair, replacement and reconstruction of infrastructure, including highways, bridges, mass transit systems, and water management and wastewater treatment facilities. The 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. The Specialty Contractors segment specializes in electrical, mechanical, plumbing, HVAC, fire protection systems, and pneumatically placed concrete for a full range of civil and building construction projects in the industrial, commercial, hospitality and gaming, and mass transit end markets, among others.

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, 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.

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) Basis of Presentation

The accompanying consolidated financial statements have been prepared in compliance with accounting principles accepted in the United States (“U.S. GAAP”) as codified in the Financial Accounting Standards Board’s (“FASB”)

Accounting Standards Codification.

(c) 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.

(d) Use of and Changes in Estimates

The preparation of financial statements in conformity with U.S. 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. The Company's construction business involves making significant estimates and assumptions in the normal course of business relating to its contracts and its joint venture contracts due to, among other things, the one-of-a-kind nature of most of its projects, the long-term duration of its 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 with accounting for long-term contracts 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. Actual results could differ from these estimates and such differences could be material.

The Company's estimates of contract revenue and cost are highly detailed. The Company believes that, based on its experience, its current systems of management and accounting controls allow it 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,

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unusual weather conditions and the accuracy of the original bid estimate. Because the Company has many contracts in process at any given time, these changes in estimates can offset each other minimizing the impact on overall profitability. However, large changes in cost estimates on larger, more complex construction projects can have a material impact on the Company's financial statements and are reflected in results of operations when they become known.

Management focuses on evaluating the performance of contracts individually. These estimates and assumptions can vary in the normal course of business as projects progress, when estimated productivity assumptions change based on experience to date and uncertainties are resolved. Change orders and claims, as well as changes in related estimates of costs to complete, are considered revisions in estimates. The Company uses the cumulative catch-up method applicable to construction contract accounting to account for revisions in estimates. In the ordinary course of business, and at a minimum on a quarterly basis, the Company updates projected total contract revenue, cost and profit or loss for each of its contracts based on changes in facts, such as an approved scope change, and changes in estimates. Normal, recurring changes in estimates include, but are not limited to: (i) changes in estimated scope as a result of unapproved or unpriced customer change orders; (ii) changes in estimated productivity assumptions based on experience to date; (iii) changes in estimated materials costs based on experience to date; (iv) changes in estimated subcontractor costs based on subcontractor buyout experience; (v) changes in the timing of scheduled work that may impact future costs; (vi) achievement of incentive income; and (vii) changes in estimated recoveries through the settlement of litigation.

During the year ended December 31, 2014, our results of operations were impacted by \$27.9 million because of changes in the estimated recoveries on two Civil segment projects driven by changes in cost recovery assumptions based on certain legal rulings issued during the second quarter of 2014, as well as a final settlement agreement regarding a Building segment project reached with our customer during the fourth quarter of 2014, which resulted in a \$11.4 million increase in the estimated recovery projected for that project. With respect to the two Civil segment projects, during 2014 there was a \$25.9 million favorable increase and a \$9.4 million unfavorable decrease. These changes in estimates altogether resulted in an increase of \$27.9 million in income from construction operations, \$16.0 million in net income, and \$0.33 in diluted earnings per common share during 2014.

During the year ended December 31, 2013, our results of operations were impacted by a \$13.8 million increase in the estimated recovery projected for a Building segment project due to changes in facts and circumstances that occurred during 2013. This change in estimate resulted in an increase of \$13.8 million in income from construction operations, \$8.6 million in net income, and \$0.18 in diluted earnings per common share during 2013.

Contracts vary in lengths and larger contracts can span over two to six years. At various stages of a contract's lifecycle, different types of changes in estimates are more typical. Generally during the early ramp up stage, cost estimates relating to purchases of materials and subcontractors are frequently subject to revisions. As a contract moves into the most productive phase of execution, change orders, project cost estimate revisions and claims are frequently the sources for changes in estimates. During the contract's final phase, remaining estimated costs to complete or provisions

for claims will be closed out and adjusted based on actual costs incurred. The impact on operating margin in a reporting period and future periods from a change in estimate will depend on the stage of contract completion. Generally, if the contract is at an early stage of completion, the current period impact is smaller than if the same change in estimate is made to the contract at a later stage of completion. Likewise, if the company's overall project portfolio was to be at a later stage of completion during the reporting period, the overall gross margin could be subject to greater variability from changes in estimates.

When recording revenue on contracts relating to unapproved change orders and claims, the Company includes in revenue an amount less than or equal to the amount of costs incurred by it to date for contract price adjustments that it seeks 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. The amount of unapproved change orders and claim revenues is included in Consolidated Balance Sheets as part of costs and estimated earnings in excess of billings. When determining the likelihood of eventual recovery, the Company considers 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.

(e) Method of Accounting for Contracts

Revenues and profits from the Company's contracts and construction joint venture contracts are recognized by applying percentages of completion for the period to the total estimated revenues for the respective contracts. Percentage of completion is determined by relating the actual cost of the work performed to date to the current estimated total cost of the respective contracts. However, on contracts under which we provide construction management services, 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 updates estimates projected total contract revenue, cost and profit or loss for each contract based on changes in facts, such as an approved scope change, and changes in

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estimates. 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. Amounts up to the costs incurred which are attributable to unapproved change orders and claims are 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.

For unapproved change orders or claims that cannot be resolved in accordance with the normal change order process as defined in the contract, the Company employs other dispute resolution methods, including mediation, binding and non-binding arbitration, or litigation.

Costs and estimated earnings in excess of billings related to the Company's contracts and joint venture contracts consisted of the following:

	December 31, 2014	December 31, 2013
	(in thousands)	
Unbilled costs and profits incurred to date*	\$ 253,078	\$ 204,276
Unapproved change orders	161,375	146,787
Claims	311,949	222,185
	\$ 726,402	\$ 573,248

* 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.

Of the balance of “Unapproved change orders” and “Claims” included above in costs and estimated earnings in excess of billings at December 31, 2014 and December 31, 2013, approximately \$38.4 million and \$58.8 million, respectively, are amounts subject to pending litigation or dispute resolution proceedings as described in Note 8 — Contingencies and Commitments. 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, 2014 estimated by management to be collected beyond one year is approximately \$251.3 million.

(f) 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 primarily calculated 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.

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(g) 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.

(h) Goodwill and Intangible Assets

Intangible assets with finite lives are amortized over their useful lives. Construction contract backlog is amortized on a weighted- average basis over the corresponding contract period. Customer relationships and certain trade names are amortized on a straight-line basis over their estimated useful lives. Goodwill and intangible assets with indefinite lives are not amortized. 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. The first step in the two-step process of the impairment analysis is to determine the fair value of the Company and each of its reporting units and compare the fair value of each 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 that failed the first step and calculating the implied fair value of goodwill. To determine the fair value of the Company and each of its reporting units, the Company utilizes both an income-based valuation approach as well as a market-based valuation approach. The income-based valuation approach is based on the cash flows that the reporting unit expects to generate in the future and it requires the Company to project revenues, operating expenses, working capital investment, capital spending and cash flows for the reporting unit in a discrete period, as well as determine the weighted-average cost of capital to be used as a discount rate and a terminal value growth rate for the non-discrete period. The market-based valuation approach to estimate the fair value of the Company's reporting units utilizes industry multiples of revenues and operating earnings. The Company concludes on the fair value of the reporting units by assuming a 67% weighting on the income-based approach and a 33% weighing on the market-based valuation approach.

As part of the valuation process, the aggregate fair value of the Company is compared to its market capitalization at the valuation date in order to determine an implied control premium. In evaluating whether the Company's implied control premium is reasonable, the Company considers a number of factors including the following factors of greatest

significance.

- Market control premium: The Company compares its implied control premium to the average control premium paid in transactions of companies in the construction industry during the year of evaluation.
- Sensitivity analysis: The Company performs a sensitivity analysis to determine the minimum control premium required to recover the book value of the Company at the testing date. The minimum control premium required is then compared to the average control premium paid in transactions of companies in the construction industry during the year of evaluation.
- Impact of low public float and limited trading activity: A significant portion of the Company's common stock is owned by the Company's Chairman and CEO. As a result, the public float of the Company's common stock, calculated as the percentage of shares of common stock freely traded by public investors divided by the Company's total shares outstanding, is significantly lower than that of its publicly traded peers. This circumstance does not impact the fair value of the Company, however based on its evaluation of third party market data, the Company believes it does lead to an inherent marketability discount impacting its stock price.

Impairment assessment inherently involves management judgments as to the assumptions used for projections and to evaluate the impact of market conditions on those assumptions. The key assumptions that the Company uses to estimate the fair value of its reporting units under the income-based approach are as follows:

- Weighted-average cost of capital used to discount the projected cash flows;
- Cash flows generated from existing and new work awards; and
- Projected operating margins.

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Weighted-average cost of capital rates used to discount the projected cash flows are developed via the capital asset pricing model which is primarily based upon market inputs. The Company uses discount rates that management feels are an accurate reflection of the risks associated with the forecasted cash flows of its respective reporting units.

To develop the cash flows generated from new work awards and future operating margins, the Company primarily tracks prospective work for each of its reporting units on a project-by-project basis as well as the estimated timing of when the work would be bid or prequalified, started and completed. The Company also gives consideration to its relationships with the prospective owners, the pool of competitors that are capable of performing large, complex work, changes in business strategy and the Company's history of success in winning new work in each reporting unit. With regard to operating margins, the Company gives consideration to its historical reporting unit operating margins in the end markets that the prospective work opportunities are most significant, current market trends in recent new work procurement, and changes in business strategy.

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

Changes in the Company's assumptions or estimates could materially affect the determination of the fair value of a reporting unit. Such changes in assumptions could be caused by:

- Terminations, suspensions, reductions in scope or delays in the start-up of the revenues and cash flows from backlog as well as the prospective work the Company tracks;
- Reductions in available government, state and local agencies and non-residential private industry funding and spending;
- The Company's ability to effectively compete for new work and maintain and grow market penetration in the regions that the Company operates in;
- The Company's ability to successfully control costs, work schedule, and project delivery; or
- Broader market conditions, including stock market volatility in the construction industry and its impact on the weighted- average cost of capital assumption.

On a quarterly basis the Company considers whether events or changes in circumstances indicate that assets, including goodwill and intangible assets not subject to amortization might be impaired. In conjunction with this analysis, the Company evaluates whether its current market capitalization is less than its stockholders' equity and specifically considers (1) changes in macroeconomic conditions, (2) changes in general economic conditions in the construction industry including any declines in market-dependent multiples, (3) cost factors such as increases in raw materials, labor, or other costs that have a negative effect on earnings and cash flows analyses, (4) a reconciliation of the implied control premium to a current market control premium, (5) target price assessments by third party analysts and (6) the impact of current market conditions on its forecast of future cash flows including consideration of specific projects in backlog, pending awards, or large prospect opportunities. The Company also evaluates its most recent assessment of

the fair value for each of its reporting units, considering whether its current forecast of future cash flows is in line with those used in its annual impairment assessment and whether there are any significant changes in trends or any other material assumptions used.

As of December 31, 2014 the Company has concluded that it does not have an impairment of its goodwill or its indefinite-lived intangible assets and that the estimated fair value of each reporting unit exceeds its carrying value. See Note 3 — Goodwill and Other Intangible Assets for additional goodwill disclosure.

(i) 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.

(j) Earnings (Loss) Per Common Share

Basic earnings (loss) per common share were computed by dividing net income (loss) by the weighted-average number of common shares outstanding. Diluted earnings (loss) per common share were similarly computed after giving consideration to the dilutive effect of stock options and restricted stock unit awards outstanding on the weighted-average number of common shares outstanding.

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The computation of diluted earnings (loss) per common share excludes 9,000 stock option shares during 2014, 860,000 stock option shares during 2013, and 1,315,465 stock option shares and 1,291,665 restricted stock units during 2012 because these shares would have an antidilutive effect.

(k) Cash and Cash Equivalents and Restricted Cash

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, including future distributions to joint venture partners. Restricted cash is primarily held to secure insurance-related contingent obligations, such as insurance claim deductibles, in lieu of letters of credit.

Cash and cash equivalents and restricted cash consisted of the following:

	At December 31,	
	2014	2013
	(in thousands)	
Corporate cash and cash equivalents (available for general corporate purposes)	\$ 40,846	\$ 36,579
Company's share of joint venture cash and cash equivalents (available only for joint venture purposes, including future distributions)	94,737	83,344
Total Cash and Cash Equivalents	\$ 135,583	\$ 119,923
Restricted Cash	\$ 44,370	\$ 42,594

(l) Long-term Investments

At December 31, 2013, the Company had \$46.3 million invested in Auction Rate Securities ("ARS") classified as available-for-sale. On April 30, 2014, the Company sold all of its ARS for approximately \$44.5 million, limiting the

Company's loss on investment to \$1.8 million which properly reflected the Company's investment policy of maintaining adequate liquidity and maximizing returns.

The Company had classified its ARS investment as long-term investments due to the uncertainty in the timing of future ARS calls and the absence of an active market for government-backed student loans. At the date of the balance sheet prior to the sale, the Company expected that it would take in excess of twelve months before the ARS could be refinanced or sold.

Prior to the sale of the ARS, the Company performed a fair market value assessment of its ARS on a quarterly basis. To estimate fair value, the Company utilized an income approach valuation model, with consideration given to market-based valuation inputs. The model 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 (discount rates range from 3% to 7% for investment grade securities); (iii) consideration of the probabilities of default or repurchase at par for each period (term periods range from 6 to 8 years); (iv) prices from recent comparable transactions; and (v) other third party pricing information.

The inputs and the Company's analysis considered: (i) contractual terms of the ARS instruments; (ii) government-backed guarantees, if any; (iii) credit ratings on the ARS; (iv) current interest rates on the ARS and other market interest rate data; (v) trade data available, including trade data from secondary markets, for the Company's ARS or similar ARS; (vi) recovery rates for any non-government guaranteed assets; (vii) historical transactions of the Company's ARS being called at par; (viii) refunding initiatives of ARS; and (ix) risk of downgrade and default. Current market conditions, including repayment status of student loans, credit market risk, market liquidity and macro-economic influences were reflected in these inputs.

On a quarterly basis, the Company also assessed the recoverability of the ARS balance by reviewing: (i) the regularity and timely payment of interest on the securities; (ii) the probabilities of default or repurchase at par; (iii) the risk of loss of principal from government-backed versus non-government-backed securities; and (iv) the prioritization of the Company's tranche of securities within the investment in case of default. The potential impact of any principal loss was included in the valuation model.

When the Company's analysis indicated an impairment of a security, several factors were considered to determine the proper classification of the charge including: (i) any requirement or intent to sell the security; (ii) failure of the issuer to pay interest or principal; (iii) volatility of fair value; (iv) changes to the ratings of the security; (v) adverse conditions specific to the security or market; (vi) expected defaults; and (vii) length of time and extent that fair value has been less than the cost basis. The accumulation of

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this data was used to conclude if a credit loss existed for the specific security, and then to determine the classification of the impairment charge as temporary or other-than- temporary.

(m) Stock-Based Compensation

The Company's long-term incentive plan allows it to grant stock-based compensation awards in a variety of forms including restricted stock units and stock options. The terms and conditions of the awards granted are established by the Compensation Committee of the Company's Board of Directors.

Restricted stock unit awards and stock option awards generally vest subject to the satisfaction of service requirements or the satisfaction of both service requirements and achievement of certain performance targets. For restricted stock unit awards that vest subject to the satisfaction of service requirements, 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 restricted stock unit awards which have a performance component, compensation cost is measured based on the fair value on the grant date (the date performance targets are established) and is recognized on a straight-line basis (net of estimated forfeitures) over the applicable requisite service period as achievement of the performance objective becomes probable.

(n) Insurance Liabilities

The Company typically utilizes third party insurance coverage subject to varying deductible levels with aggregate caps on losses retained. The Company assumes the risk for the amount of the 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 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 deductible limits includes an estimate of incurred but not reported claims based on data compiled from historical experience.

(o) 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 values of receivables, payables and other amounts arising out of normal contract activities, including

retentions, which may be settled beyond one year, are estimated to approximate fair values. The fair value of receivables subject to pending litigation or dispute resolution proceedings is determined based upon the length of time that these matters take to be resolved and, as a result, the fair value can be greater than or less than the recorded book value depending on the facts and circumstances of each matter. See Note 2 — Fair Value Measurements for disclosure of the fair value of investments, long-term debt and contingent consideration associated with our acquisitions in 2011.

(p) 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 stockholders' equity. Foreign currency transaction gains and losses, if any, are included in operations as they occur.

(q) New Accounting Pronouncements

In February 2013, the FASB issued ASU 2013-04 Liabilities (Topic 405), which provides guidance for the recognition, measurement, and disclosure of obligations resulting from joint and several liability arrangements for which the total amount of the obligation within the scope of this guidance is fixed at the reporting date. This ASU is an update to FASB ASC Topic 405, "Liabilities". The amendments in this ASU are effective for fiscal years, and interim periods within those years, beginning after December 15, 2013. The adoption of this guidance did not have a material impact on the Company's financial statements.

In July 2013, the FASB issued ASU No. 2013-11, Income Taxes (Topic 740): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists (a consensus of the Emerging Issues Task Force). This ASU addresses when unrecognized tax benefits should be presented as reductions to deferred tax assets for net operating loss carryforwards in the financial statements. This ASU is effective prospectively for fiscal years, and interim periods within those years, beginning after December 15, 2013. The adoption of this guidance did not have a material impact on the Company's financial statements.

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In May 2014, the FASB issued FASB ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606), which supersedes the revenue recognition requirements in ASC 605, Revenue Recognition. This ASU addresses when an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This ASU is effective for annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period, using one of two retrospective application methods. Early application is not permitted. The Company is currently evaluating the effect that the adoption of this ASU will have on its financial statements.

In June 2014, the FASB issued ASU No. 2014-12, Compensation — Stock Compensation (Topic 718): Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period, clarifying the recognition timing of expense associated with certain performance based stock awards when the performance target that affects vesting could be achieved after the requisite service period. This ASU is an update to FASB ASC Topic 718 and is effective for fiscal years, and interim periods within those years, beginning after December 15, 2015 with earlier adoption permitted. The adoption of this guidance is not expected to have a material impact on the Company's financial statements.

[2] Fair Value Measurements

The Company measures certain financial instruments, including cash and cash equivalents, such as money market funds, at their fair values. The fair values were determined based on a three-tier valuation hierarchy for disclosure of significant inputs. 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 carrying amount of cash and cash equivalents approximates fair value due to the short-term nature of these items. The carrying values of receivables, payables, other amounts arising out of normal contract activities, including retainage, which may be settled beyond one year, are estimated to approximate fair value. The fair value of receivables subject to pending litigation or dispute resolution proceedings is determined based upon the length of time that these matters take to be resolved and, as a result, the fair value can be greater than or less than the recorded book value depending on the facts and circumstances of each matter. Of the Company's long-term debt, the fair values of the fixed rate senior unsecured notes as of December 31, 2014 and 2013 were \$310.3 million and \$321.0 million, respectively, compared to the carrying values of \$298.8 million and \$298.5 million, respectively. The fair value of the senior unsecured notes was estimated using Level 1 inputs based on market quotations including broker quotes or interest rates for the same or similar financial instruments at December 31, 2014 and 2013. For other fixed rate debt, fair value is determined using Level 3 inputs based on discounted cash flows for the debt at the Company's current incremental borrowing rate for similar types of debt. The estimated fair values of other fixed rate debt at December 31, 2014 and 2013 were \$164.3 million and \$150.0 million, respectively, compared to the carrying amounts of \$162.3 million and \$151.4 million, respectively. The fair value of variable rate debt, which includes the Term Loan, approximated its carrying value of \$404.3 million and \$283.9 million at December 31, 2014 and 2013, respectively. See Note 4 — Financial Commitments for a discussion of the Term Loan.

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The following is a summary of financial statement items carried at estimated fair value measured on a recurring basis as of the dates presented:

At December 31, 2014	Total Carrying Value (in thousands)	Fair Value Measurements Using		
		Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets:				
Cash and cash equivalents (1)	\$ 135,583	\$ 135,583	\$ —	\$ —
Restricted cash (1)	44,370	44,370	—	—
Short-term investments (2)	—	—	—	—
Investments in lieu of retainage (3)	33,224	25,761	7,463	—
Total	\$ 213,177	\$ 205,714	\$ 7,463	\$ —
Liabilities:				
Interest rate swap contract (5)	\$ 381	\$ —	\$ 381	\$ —
Contingent consideration (6)	24,814	—	—	24,814
	\$ 25,195	\$ —	\$ 381	\$ 24,814

At December 31, 2013	Total Carrying Value (in thousands)	Fair Value Measurements Using		
		Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets:				
Cash and cash equivalents (1)	\$ 119,923	\$ 119,923	\$ —	\$ —
Restricted cash (1)	42,594	42,594	—	—

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Short-term investments (2)	2,336	—	2,336	—
Investments in lieu of retainage (3)	21,913	12,184	9,729	—
Long-term investments - auction rate securities (4)	46,283	—	—	46,283
Total	\$ 233,049	\$ 174,701	\$ 12,065	\$ 46,283
 Liabilities:				
Interest rate swap contract (5)	\$ 974	\$ —	\$ 974	\$ —
Contingent consideration (6)	46,022	—	—	46,022
	\$ 46,996	\$ —	\$ 974	\$ 46,022

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- (1) Cash, cash equivalents and restricted cash primarily consist of money market funds with original maturity dates of three months or less, for which fair value is determined through quoted market prices.
- (2) Short-term investments are classified as other current assets and are comprised of U.S. Treasury Notes and municipal bonds. The majority of the municipal bonds are rated Aa2 or better. The fair values of the municipal bonds are obtained from readily- available pricing sources for comparable instruments, and as such, the Company has classified these assets as Level 2.
- (3) Investments in lieu of retainage are classified as accounts receivable, including retainage and are comprised of money market funds, U.S. Treasury Notes and other municipal bonds, the majority of which are rated Aa3 or better. The fair values of the U.S. Treasury Notes and municipal bonds are obtained from readily-available pricing sources for comparable instruments, and as such, the Company has classified these assets as Level 2.
- (4) At 2013 the Company had \$46.3 million invested in ARS which the Company considered as available-for-sale long-term investments. The long-term investments ARS held by the Company at 2013 were in securities collateralized by student loan portfolios. At 2013, most of the Company's ARS were rated AA+ and AA+, respectively. The Company estimated the fair value

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of its ARS utilizing 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 (discount rates range from 3% to 7%); (iii) consideration of the probabilities of default or repurchase at par for each period (term periods range from 6 to 8 years); (iv) prices from recent comparable transactions; and (v) other third party pricing information without adjustment.

- (5) As discussed in Note 4 — Financial Commitments, the Company entered into a swap agreement with Bank of America, N.A. to establish a long-term interest rate for its \$200 million five-year term loan which extends to its replacement \$250 million five-year term loan. The swap agreement became effective for the term loan principal balance outstanding at January 31, 2012 and will remain effective through June, 2016. The Company values the interest rate swap liability utilizing a discounted cash flow model that takes into consideration forward interest rates observable in the market and the counterparty's credit risk. This liability is classified as a component of other long-term liabilities.
- (6) The liabilities listed as of December 31, 2014 and 2013 above represent the contingent consideration for the Company's acquisitions in 2011 for which the measurement periods for purchase price analyses for the acquisitions have concluded.

The Company did not have any transfers between Levels 1 and 2 of financial assets or liabilities that are fair valued on a recurring basis during the years ended December 31, 2014 and 2013.

The following is a summary of changes in Level 3 assets measured at fair value on a recurring basis during 2014 and 2013:

	Auction Rate Securities (in thousands)
Balance at December 31, 2013	\$ 46,283
Purchases	—
Settlements	(44,497)
Realized loss included in other income (expense), net	(1,786)
Balance at December 31, 2014	\$ —

	Auction Rate Securities (in thousands)
Balance at December 31, 2012	\$ 46,283
Purchases	—
Settlements	—
Balance at December 31, 2013	\$ 46,283

At December 31, 2013, the Company had \$46.3 million invested in ARS classified as available-for-sale. All of the ARS were securities collateralized by student loan portfolios guaranteed by the United States government. At December 31, 2013, most of the Company's ARS were rated AA+. On April 30, 2014, the Company sold all of its ARS for approximately \$44.5 million, limiting our loss on investment to \$1.8 million which properly reflected the Company's investment policy of maintaining adequate liquidity and maximizing returns.

The Company had classified its ARS investment as long-term investments due to the uncertainty in the timing of future ARS calls and the absence of an active market for government-backed student loans. At the date of the balance sheet prior to the sale, the Company expected that it would take in excess of twelve months before the ARS could be refinanced or sold.

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The following is a summary of changes in Level 3 liabilities measured at fair value on a recurring basis during 2014 and 2013:

	Contingent Consideration (in thousands)
Balance at December 31, 2013	\$ 46,022
Fair value adjustments included in other income (expense), net	5,592
Contingent consideration settled	(26,800)
Balance at December 31, 2014	\$ 24,814

	Contingent Consideration (in thousands)
Balance at December 31, 2012	\$ 42,624
Fair value adjustments included in other income (expense), net	26,374
Contingent consideration settled	(22,976)
Balance at December 31, 2013	\$ 46,022

The liabilities listed above represent the contingent consideration for former acquisitions for which the measurement periods for purchase price analyses for all the acquisitions have concluded.

The fair values of the contingent consideration were estimated based on an income approach which is based on the cash flows that the acquired entity is expected to generate in the future. This approach requires management to project revenues, operating expenses, working capital investment, capital spending and cash flows for the reporting unit over a multi-year period, as well as determine the weighted-average cost of capital to be used as a discount rate (weighted-average cost of capital inputs have ranged from 14% - 18%).

[3] Goodwill and Other Intangible Assets

The following table presents the changes in the carrying amount of goodwill allocated to the Company's reporting units for the periods presented:

	Civil	Building	Specialty Contractors	Management Services	Total
	(in thousands)				
Gross Goodwill Balance	429,893	420,267	141,833	66,638	1,058,631
Accumulated Impairment	(55,740)	(409,765)	—	(22,480)	(487,985)
Balance at December 31, 2012	\$ 374,153	10,502	\$ 141,833	\$ 44,158	\$ 570,646
Goodwill recorded in connection with an acquisition (2)	—	—	7,110	—	7,110
Balance at December 31, 2013	\$ 374,153	\$ 10,502	\$ 148,943	\$ 44,158	\$ 577,756
Reallocation based on relative fair value (1)	41,205	2,953	—	(44,158)	—
Acquisition related adjustments (2)	—	—	7,250	—	7,250
Balance at December 31, 2014	\$ 415,358	\$ 13,455	\$ 156,193	\$ —	\$ 585,006

(1) During the first quarter of 2014, the Company completed a reorganization which resulted in the elimination of the Management Services reporting unit and reportable segment. The Management Services reporting unit formerly consisted of the following subsidiary companies: Black Construction and Perini Management Services. The reorganization was completed due to the unit no longer meeting the criteria set forth in FASB ASC Topic 280, "Segment Reporting". The Company reallocated goodwill between its reorganized reporting units based on a relative fair value assessment in accordance with the guidance on segment reporting.

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- (2) During the quarter ended September 30, 2013, the Company acquired a small fire protection systems contractor. During the quarter ended June 30, 2014, an adjustment was made to goodwill for this acquisition in the amount of \$7.3 million. As this acquisition is immaterial, including adjustments, no pro forma disclosures are presented herein.

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 that suggest a material adverse change to the most recently concluded valuation. Intangible assets with finite lives are also tested for impairment whenever events or circumstances indicate that the carrying value may not be recoverable. The Company did not observe any changes in facts or circumstances during the twelve months ended December 31, 2014 that would suggest a material decline in the value of goodwill and intangible assets as concluded in the fourth quarter of the year ended December 31, 2013.

The net change in the carrying amount of goodwill for the year ended December 31, 2012 was due primarily to a goodwill impairment charge of \$321.1 million recorded in the second quarter of 2012. See “Goodwill Impairment” below.

Goodwill Impairment

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.

As part of the valuation process, the aggregate fair value of the Company was compared to its market capitalization at the valuation date in order to determine the implied control premium. The implied control premium was then compared to the control premiums paid in recent transactions within the industry. The Company’s implied market control premium of 29.3% and 35.6%, as of the fourth quarter of 2014 and fourth quarter of 2013 valuation, respectively, were determined to be in an acceptable range of market transactions observed in the construction and engineering industry in the past several years.

As part of the review process for the reporting unit valuations, the Company created multiple income-based and market-based valuation models to understand the sensitivity of the variables used in determining the fair value. These models were reviewed with the Company's external fair value specialists who assisted in the process by providing insight into acceptable ranges on various valuation assumptions as well as preferred valuation techniques.

Weighted-average cost of capital rates used to discount the projected cash flows were developed via the capital asset pricing model which is primarily based upon market inputs. The Company used discount rates that management felt were an accurate reflection of the risks associated with the forecasted cash flows of its respective reporting units. Weighted- average cost of capital inputs ranged from 14.0%- 15.5% for the Company's reporting units. Since the Company's 2012 annual impairment analysis, the weighted-average cost of capital rates were positively impacted by broader market conditions including the recent rise in comparable companies within the construction industry.

Similar to previous valuations, the Company noted that small changes to valuation assumptions could have a significant impact on the concluded value; however, the Company gained comfort over the assumptions selected for valuation through comparison to historical transaction benchmarks, third party industry expectations, and the Company's previous models.

During the second quarter of 2012, the Company experienced a sustained decrease in its stock price, causing its market capitalization to be substantially less than its carrying value and its implied control premium to increase beyond the implied control premium that was reconciled in its 2011 annual impairment analysis, and beyond the observable market comparable level. Additionally, deterioration in broader market conditions including stock market volatility, particularly in the construction industry, impacted the weighted-average cost of capital rate assumptions used in deriving the fair values of the Company's reporting units, which are primarily based on market inputs. Finally, several of the Company's reporting units experienced degradation in the timing of projected cash flows used in deriving the fair values of those reporting units in its 2011 annual impairment analysis caused by delays in the timing of awards and start of new work that the Company anticipated would enter into backlog in the first half of 2012, and a general decrease in profit margins on new work awards that were factored into the Company's forecast assumptions.

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With regard to the Company's reporting units, the carrying values of the Company's Civil and Building reporting units were greater than their fair values, and as such, the Company performed the second step of the goodwill impairment test for these reporting units which resulted in goodwill impairments as discussed above. In this second step, the Company determined the fair value of the individual assets and liabilities of the reporting units that failed Step 1 and calculated the implied fair value of goodwill for those reporting units. The Company included in this calculation the valuation of assets and liabilities that would occur in a theoretical purchase price allocation of the reporting unit in accordance with the Financial Accounting Standards Board's (the "FASB") Accounting Standards Codification ("ASC") 805 — Business Combinations, as well as the value of backlog, trade name, and customer relationships and the impact of deferred tax liabilities and assets arising from the fair valuation of these assets and liabilities.

The fair value of the Specialty Contractors reporting unit substantially exceeded its carrying value, and as such, it was not necessary to perform the second step of the goodwill impairment test for this reporting unit.

In conducting the initial step of its goodwill evaluation, the Company also evaluated its finite lived tangible and intangible assets due to the degradation in the timing of projected cash flows since the Company's 2011 impairment analysis and changes in the planned use of certain intangible assets. The Company compared the fair value of the finite lived tangible and intangible assets to their carrying value and determined that the carrying value of a portion of these assets exceeded their fair value as determined by the income-based valuation approach and by benchmarking against observable market prices. This income-based valuation approach involved key assumptions similar to those used in the goodwill impairment analysis for the Company's reporting units as discussed above, (e.g. projections of future cash flows associated with the Company's trade name, contractor license, customer relationship and contract backlog intangible assets that were recorded in previous acquisitions).

Based on these circumstances and events, the Company performed an interim goodwill and indefinite lived intangible asset impairment test as of June 30, 2012 and, as a result, the Company recorded a goodwill impairment charge of \$321.1 million and an indefinite lived intangible assets impairment charge of \$16.4 million in the second quarter of 2012. The Company also evaluated its finite lived tangible and intangible assets due to the degradation in the timing of projected cash flows since the Company's 2011 impairment analysis and changes in the planned use of certain intangible assets, and this analysis resulted in a \$39.1 million impairment charge on the Company's finite lived intangible assets in the second quarter of 2012.

Intangible assets consist of the following:

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December 31, 2014					Weighted
	Cost	Accumulated Amortization	Accumulated Impairment Charge	Carrying Value	Average Amortization Period
(in thousands)					
Trade names (non-amortizable)	\$ 117,600	\$ —	\$ (67,190)	\$ 50,410	Indefinite
Trade names (amortizable)	74,350	(8,829)	(23,232)	42,289	20 years
Contractor license	6,000	—	(6,000)	—	Indefinite
Customer relationships	39,800	(15,600)	(16,645)	7,555	11.4 years
Construction contract backlog	73,706	(73,706)	—	—	3.6 years
Total	\$ 311,456	\$ (98,135)	\$ (113,067)	\$ 100,254	

December 31, 2013					Weighted
	Cost	Accumulated Amortization	Accumulated Impairment Charge	Carrying Value	Average Amortization Period
(in thousands)					
Trade names (non-amortizable)	\$ 117,600	\$ —	\$ (67,190)	\$ 50,410	Indefinite
Trade names (amortizable)	74,350	(6,341)	(23,232)	44,777	20 years
Contractor license	6,000	—	(6,000)	—	Indefinite
Customer relationships	39,800	(14,315)	(16,645)	8,840	11.4 years
Construction contract backlog	73,706	(63,993)	—	9,713	3.6 years
Total	\$ 311,456	\$ (84,649)	\$ (113,067)	\$ 113,740	

Amortization expense related to intangible assets for the years ended December 31, 2014, 2013, and 2012 totaled \$13.5 million, \$13.1 million and \$18.3 million, respectively. At December 31, 2014, amortization expense related to intangible assets is estimated to be

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\$3.7 million in 2015, \$3.5 million in 2016, \$3.5 million in 2017, \$3.5 million in 2018, \$3.6 million in 2019 and \$32.0 million thereafter.

[4] Financial Commitments

Long-term Debt

Long-term debt consists of the following:

	December 31,	
	2014	2013
	(in thousands)	
Senior unsecured notes due November 1, 2018 with interest rate of 7.625% payable in equal semi-annual installments beginning May 1, 2011 through November 1, 2018	\$ 300,000	\$ 300,000
Less unamortized debt discount based on imputed interest rate of 7.75%	(1,223)	(1,493)
Total amount, net of unamortized discount	298,777	298,507
 \$300.0 million revolving line of credit at lender's prime rate (3.25%) or Euro rate, plus applicable spread rates, maturing in 2019	 130,000	 135,000
 \$250.0 million term loan in 2014 and a \$200.0 million term loan in 2013 including quarterly installments of principal and interest payable over a five-year period at rates as defined in the Sixth Amended and Restated Credit Facility, the Fifth Amended Credit Agreement, and the Swap Agreement	 242,500	 115,000
 Equipment financing at rates ranging from 2.12% to 4.82% payable in equal monthly installments over a five-year period, with balloon payments totaling \$8.3 million in 2016	 102,009	 78,055
 Loan on transportation equipment with interest rate of 6.44% payable in equal monthly installments over a five-year period, with a balloon payment of \$29.2 million in 2014	 —	 29,582
 Loan on transportation equipment with interest rate of 3.35% payable in equal monthly installments over a ten-year period, with a balloon payment of \$12.4 million in 2021	 27,954	 —

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Lunda seller notes payable at a rate of 5% with interest payable annually and principal payable in 2016	21,750	21,750
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	12,611	13,363
Mortgage on land and improvements at a variable LIBOR-based interest rate plus 3.00% payable in equal monthly installments over a 10-year period, with a balloon payment of \$6.7 million in 2023.	9,144	9,404
Mortgages on land and office building, both at a variable LIBOR-based interest rate plus 2.0% with principal on both payable in equal monthly installments over seven years. The seven-year mortgages include balloon payments in 2016 of \$3.0 million and \$2.6 million, respectively	6,306	6,952
Mortgage on office building at a variable rate of lender's prime rate (3.25%) less 1.0% payable in equal monthly installments over a ten-year period, with a balloon payment of \$2.6 million in 2018	3,428	3,671
Other indebtedness	10,880	22,600
Total	865,359	733,884
Less – current maturities	(81,292)	(114,658)

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Long-term debt, net \$ 784,067 \$ 619,226

Principal payments required under these obligations amount to approximately \$81.3 million in 2015, \$95.1 million in 2016, \$51.0 million in 2017, \$359.7 million in 2018, \$126.5 million in 2019 and \$151.8 million in 2020 and beyond.

7.625% Senior Notes due 2018

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

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

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

The Senior Notes became redeemable, in whole or in part, any time on or after November 1, 2014, at the redemption prices specified in the Indenture, together with accrued and unpaid interest, if any, to the redemption date.

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

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

Amended Credit Agreement

On August 3, 2011 the Company entered into a Fifth Amended and Restated Credit Agreement (the “Credit Agreement”) with Bank of America, N.A., and was amended by a Joinder Agreement dated October 21, 2011 executed by Becho, Inc. The Credit Agreement allowed the Company to borrow up to \$300 million on a revolving credit basis (the “Revolving Facility”), with a \$50 million sublimit for letters of credit, and an additional \$200 million term loan (the “Term Loan”).

On August 2, 2012, the Company entered into a First Amendment (the “First Amendment”) to its Fifth Amended and Restated Credit Agreement (the “Amended Credit Agreement”) with Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer (the “Lender”). The First Amendment modified the financial covenants under the Amended Credit Agreement beginning with the period ended September 30, 2012 to allow for more favorable minimum net worth, minimum fixed charge and maximum leverage ratios for the Company and also to add new financial covenants including minimum liquidity and consolidated senior leverage ratio covenants. The First Amendment also increased the sublimit for letters of credit from \$50 million to \$150 million.

On June 5, 2014, the Company entered into a Sixth Amended and Restated Credit Agreement, (the “Credit Facility”) restructuring its former \$300 million revolving credit facility and \$200 million Term Loan. All outstanding amounts under the Fifth Amended and Restated Credit Agreement were repaid in full using proceeds of the Credit Facility. The new agreement provides for a \$300 million revolving credit facility (the “Revolving Credit Facility”) and a \$250 million term loan (the “Term Loan”) with Bank of America, N.A. as Administrative Agent, Swing Line Lender and L/C Issuer and a syndicate of other lenders. The Term Loan principal is to be repaid on a quarterly basis, with 6.0% of the original total outstanding principal repaid in year 1, 9.0% in year 2, 12.0% in year 3, 15.0% in year 4 and 13.5% in year 5 along with a balloon payment of the remaining 44.5% due at maturity. Borrowings under the Revolving Credit Facility bear interest based either on Bank of America’s prime lending rate or the London Interbank Offered Rate

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(“LIBOR”) plus an applicable margin. Borrowings under the Term Loan bear interest based on LIBOR plus an applicable margin. Included in the Credit Facility is a special provision allowing an additional accordion provision, which the Company may opt to utilize at a future date to increase either the Revolving Credit Facility or establish one or more new term loan commitments, up to an aggregate amount not to exceed \$300 million. The Credit Facility provides a sublimit for the issuance of letters of credit up to the aggregate amount of \$150 million. Both the Revolving Credit Facility and the Term Loan mature on June 5, 2019.

The Revolving Credit Facility and Term Loan include usual and customary covenants for credit facilities of this type, including covenants providing maximum allowable ranges of consolidated leverage ratios from 3.75:1.00 to 2.75:1.00 over a range of five years and maintaining a minimum consolidated fixed charge coverage ratio of 1.25:1.00. The Credit Facility eliminated the other covenant requirements that were formerly held under the Fifth Amended and Restated Credit Agreement.

Substantially all of the Company’s subsidiaries unconditionally guarantee the obligations of the Company under the Credit Facility. The obligations under the Credit Facility are secured by a lien on all personal property of the Company and its subsidiaries party thereto. Any outstanding loans under the Revolving Facility and the Term Loan mature on June 5, 2019. The Term Loan balance was \$242.5 million at December 31, 2014. The first quarterly term loan payment under the Credit Facility was due and paid on September 30, 2014. The Company was in compliance with the modified financial covenants under the Credit Facility for the period ended December 31, 2014.

The Company had \$130.0 million of outstanding borrowings under its Revolving Facility as of December 31, 2014 and \$135.0 million of outstanding borrowings under its former Revolving Facility as of December 31, 2013. The net change in borrowings under the Revolving Facility comprises all “Proceeds from debt” and a significant portion of all “Repayment of debt” as presented in the Consolidated Condensed Statements of Cash Flows. The Company utilized the Revolving Facility for letters of credit in the amount of \$1.0 million as of December 31, 2014 and \$0.2 million under the former Revolving Facility as of December 31, 2013. Accordingly, at December 31, 2014, the Company had \$169.0 million available to borrow under the Revolving Facility.

On August 26, 2011, we entered into a swap agreement (“Swap Agreement”) with Bank of America, N.A. to establish a long-term interest rate for the Term Loan discussed above. The Swap Agreement pertains to the Term Loan principal balance outstanding at January 31, 2012 and will remain effective through the maturity date in June 2016.. Amounts outstanding under the Swap Agreement will bear interest at a rate equal to, the Applicable Rate, as defined in the Amended Credit Agreement (based upon our consolidated leverage ratio) plus 97.5 basis points. The Swap Agreement includes quarterly installments of principal and monthly installments of interest payable through the maturity date.

Debt Agreements from Acquisitions

In connection with the acquisition of Lunda, the Company issued to the former Lunda shareholders promissory notes in an aggregate amount of approximately \$21.7 million (the “Lunda Seller Notes”). Interest under the Lunda Seller Notes accrues at the rate of 5% per annum with all accrued but unpaid interest payable annually. The Lunda Seller Notes mature on July 1, 2016. The Company may prepay all or any portion of the Lunda Seller Notes at any time

without premium or penalty. To the extent that the Company prepays all or any portion of its outstanding Senior Notes, it is also required to repay a pro rata portion (based upon the amount being prepaid under the Senior Notes and the total amount outstanding under the Senior Notes) of the Lunda Seller Notes. The Lunda Seller Notes are guaranteed by Lunda, which, as a result of the acquisition, is a wholly owned subsidiary of the Company.

Collateralized Loans

During 2014 and 2013, the Company entered into several equipment financing arrangements for its existing and its recently acquired equipment fleets as discussed in more detail below. The Company attempted to take advantage of the opportunity to fix low interest rates for these fleets which has provided additional cash flows available for general corporate purposes.

During 2014, the Company obtained equipment financing totaling \$46.5 million at fixed rates ranging from 2.12% to 2.69%, payable in equal monthly installments for forty eight to sixty months.

During 2013, the Company obtained equipment financing totaling \$25.8 million at fixed rates ranging from 2.28% to 3.09%, payable in equal monthly installments for sixty months. We obtained a mortgage loan of \$9.6 million collateralized by land and improvements located in Houston, Texas, with equal monthly installments over a 10-year period at LIBOR plus 3.00% with a balloon payment of \$6.7 million due in 2023.

In January of 2012, the Company obtained a mortgage loan of \$2.1 million collateralized by land at a rate of 0.20% with 24 equal monthly installments of principal and interest and a balloon payment of \$1.5 million that was paid in November of 2013.

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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, 2014 are as follows:

	Amount (in thousands)
2015	\$ 22,394
2016	17,699
2017	13,659
2018	8,762
2019	7,175
Thereafter	29,733
Subtotal	\$ 99,422
Less - Sublease rental agreements	(491)
	\$ 98,931

Rental expense under operating leases of construction equipment, vehicles and office space was \$24.4 million in 2014, \$18.5 million in 2013 and \$17.7 million in 2012.

[5] Income Taxes

Income (Loss) before taxes is summarized as follows:

U.S.	Foreign
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Year ended December 31, 2014	Operations	Operations	Total
	(in thousands)		
2014	\$ 170,517	16,921	187,438
2013	\$ 127,682	\$ 11,933	\$ 139,615
2012	\$ (271,683)	\$ 3,841	\$ (267,842)

The (benefit) provision for income taxes is as follows:

	Year ended December 31,		
	2014	2013	2012
	(in thousands)		
Current expense:			
Federal	\$ 45,074	\$ 29,034	\$ 19,573
State	11,174	9,018	3,508
Foreign	3,203	4,256	1,542
Total current	59,451	42,308	24,623
Deferred (benefit) expense:			
Federal	9,992	9,547	(28,157)
State	10,059	577	1,104
Foreign	—	(113)	(12)
Total deferred	20,051	10,011	(27,065)
Total (benefit) provision	\$ 79,502	\$ 52,319	\$ (2,442)

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The following table is a reconciliation of the Company's provision (benefit) for income taxes at the statutory rates to the provision (benefit) for income taxes at the Company's effective rate.

	2014		2013		2012	
	Amount	Rate	Amount	Rate	Amount	Rate
	(dollars in thousands)					
Federal income expense (benefit) at statutory tax rate	\$ 65,603	35.0 %	\$ 48,865	35.0 %	\$ (93,745)	35.0 %
State income taxes, net of federal tax benefit	10,367	5.5	6,236	4.5	3,214	(1.2)
Officers' compensation	3,657	2.0	1,732	1.2	1,473	(0.6)
Domestic Production Activities Deduction	(5,170)	(2.8)	(3,641)	(2.6)	(2,246)	(2.4)
Goodwill Impairment	—	—	—	—	89,191	(33.3)
Impact of state tax rate changes on deferreds	3,245	1.7	—	—	—	—
Other	1,800	1.0	(873)	(0.6)	(329)	3.4
(Benefit) provision for income taxes	\$ 79,502	42.4 %	\$ 52,319	37.5 %	\$ (2,442)	0.9 %

The Company's provision for income taxes and effective tax rate for the year ended December 31, 2014 were significantly impacted by a shift in revenue from projects in higher-tax jurisdictions causing a rise in the state tax rate. The higher state tax rate was applied to deferred tax balances which further increased the effective rate.

The Company's provision for income taxes and effective tax rate for the year ended December 31, 2012 were significantly impacted by the goodwill and intangible asset impairment charge discussed in Note 3 — Goodwill and Other Intangible Assets. Of the total goodwill and intangible asset impairment charge of \$376.6 million, approximately \$255.0 million pertained to goodwill that had no corresponding tax basis. The tax effect of the impairment charge resulted in a reduction in the Company's provision for income taxes of approximately \$50.2 million in 2012.

The following is a summary of the significant components of the deferred tax assets and liabilities:

	Year ended December 31,	
	2014	2013
	(in thousands)	
Deferred Tax Assets		
Timing of expense recognition	\$ 47,017	\$ 24,170
Net operating losses	2,188	4,123
Other, net	6,980	5,641
Deferred tax assets	56,185	33,934
Valuation Allowance	(1,369)	(2,817)
Net deferred tax assets	54,816	31,117
Deferred Tax Liabilities		
Intangible assets, due primarily to purchase accounting	(26,094)	(18,260)
Fixed assets, due primarily to purchase accounting	(90,886)	(79,243)
Construction contract accounting	(6,854)	(6,432)
Joint ventures - construction	(30,654)	(5,229)
Contested Legal Settlement	—	(12,012)
Other	(10,012)	(3,408)
Deferred tax liabilities	(164,500)	(124,584)
Net deferred tax liability	\$ (109,684)	\$ (93,467)

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The net deferred tax liability is classified in the Consolidated Balance Sheets based on when the future benefit (expense) is expected to be realized as follows:

	December 31,	
	2014	2013
	(in thousands)	
Current deferred tax asset	\$ 17,962	\$ 8,240
Long-term deferred tax asset	36,854	22,877
Current deferred tax liability	(14,129)	(10,251)
Long-term deferred tax liability	(150,371)	(114,333)
Net deferred tax liability	\$ (109,684)	\$ (93,467)

At December 31, 2013 the Company had a valuation allowance of \$2.8 million and at December 31, 2014, the Company had a valuation allowance of \$1.4 million for federal and state capital loss-carry-forwards as the ultimate utilization of this item was less than “more likely than not.”

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 the years ended December 31, 2014 and December 31, 2013, unremitted earnings of foreign subsidiaries, which have been or are intended to be permanently invested, aggregated approximately \$15.1 million and \$4.3 million, respectively. It is not practicable to estimate the amount of deferred tax liability related to investments in these foreign subsidiaries.

The Company adopted the provisions of FASB ASC 740-10, Income Taxes, Accounting for Uncertainty in Income Taxes, in the first quarter of 2007. It is the Company’s policy to record any accrued interest and penalties as part of the income tax provision. During 2013, the Company recognized a net increase of \$1.4 million in liabilities. The amount of gross unrecognized tax benefits as of December 31, 2013 is \$5.5 million. Included in this liability is \$0.5 million of related interest. During 2014, the Company recognized a net increase of \$2.2 million in liabilities. The amount of gross unrecognized tax benefits as of December 31, 2014 is \$7.6 million. Included in this liability is \$0.8 million of related interest. The Company does not expect any significant release of unrecognized tax benefits within the next twelve months.

A reconciliation of the beginning and ending amount of the gross unrecognized tax benefit is as follows (in thousands):

Gross unrecognized tax benefit balance at January 1, 2012	\$ 2,043
Add:	
Additions based on tax positions related to current year	1,281
Additions/reductions for tax positions of prior years	1,857
Less:	
Reductions for tax positions of prior years (expiration of statute of limitations)	(1,158)
Gross unrecognized tax benefit balance at December 31, 2012	\$ 4,023
Gross unrecognized tax benefit balance at January 1, 2013	\$ 4,023
Add:	
Additions based on tax positions related to current year	1,254
Additions/reductions for tax positions of prior years	182
Less:	
Reductions for tax positions of prior years (expiration of statute of limitations)	—
Gross unrecognized tax benefit balance at December 31, 2013	\$ 5,459
Gross unrecognized tax benefit balance at January 1, 2014	\$ 5,459
Add:	
Additions based on tax positions related to current year	2,929
Additions/reductions for tax positions of prior years	426
Less:	
Reductions for tax positions of prior years (expiration of statute of limitations)	(1,178)
Gross unrecognized tax benefit balance at December 31, 2014	\$ 7,636

The company records interest and penalties related to an unrecognized tax benefit in income tax expenses. Interest expense of \$0.4 million was recorded during 2014.

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[6] Other Assets, Other Long-term Liabilities and Other Income (Expense), Net

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

	December 31,	
	2014	2013
	(in thousands)	
Other Assets		
Insurance claim receivable (1)	\$ 36,945	\$ 34,839
Deferred income taxes	36,854	22,877
Deferred costs	—	7,711
Mineral reserves	3,199	3,199
Deposits	671	677
Other long-term assets	10,228	6,311
	\$ 87,897	\$ 75,614
Other Long-term Liabilities		
Acquisition related liabilities	\$ 32,814	\$ 51,102
Insurance claim payable (1)	36,897	34,774
Pension liability	32,403	19,831
Employee benefit related liabilities	2,476	2,536
Mineral royalties payable	1,727	1,727
Deferred lease incentive	462	1,143
Other	8,017	6,745
	\$ 114,796	\$ 117,858

	Year ended December 31,		
	2014	2013	2012
	(in thousands)		
Other Income (Expense), Net			
Interest income	\$ 4,793	\$ 8,745	\$ 2,842
Gain on sale of property used in operations	—	—	456
Adjustment of acquisition related liabilities	(5,972)	(26,374)	(256)
Amortization of deferred costs	(1,397)	(1,844)	(1,585)
Bank fees	(1,236)	(1,559)	(2,090)
Realized loss on sale of investments, net	(1,851)	72	(2,699)
Miscellaneous income (expense), net	(3,873)	2,385	1,475
	\$ (9,536)	\$ (18,575)	\$ (1,857)

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- (1) Insurance claims receivable and the corresponding insurance claims payable represent expected insurable loss amounts to be received from the insurance carriers and to be paid in claims respectively.

[7] Employee Benefit Plans

Defined Benefit Pension Plan

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 benefit pension plan were reduced because of compensation limitations under federal tax laws. Effective June 1, 2004, all benefits accruals under the Company's pension plan and Benefit Equalization Plan

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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.

A summary of net periodic benefit cost is as follows:

	Year ended December 31,		
	2014	2013	2012
	(dollars in thousands)		
Interest cost on projected benefit obligation	\$ 4,144	\$ 3,710	\$ 4,011
Return on plan assets	(4,797)	(4,509)	(4,783)
Recognized net actuarial losses	4,385	6,330	5,487
Net periodic benefit cost	\$ 3,732	\$ 5,531	\$ 4,715
Actuarial assumptions used to determine net cost:			
Discount rate	4.47% %	3.58% %	4.10% %
Expected return on assets	6.75% %	6.75% %	7.00% %
Rate of increase in compensation	n.a.	n.a.	n.a.

The target asset allocation for the Company's pension plan by asset category for 2014 and the actual asset allocation at December 31, 2014 and 2013 by asset category are as follows:

Percentage of Plan Assets
at December 31,
Target
Allocation

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Asset Category	2015	2014	2013
Cash	5.0 %	6.2 %	5.2 %
Equity securities:			
Domestic	65.0	62.9	63.4
International	25.0	25.9	25.9
Fixed income securities	5.0	5.0	5.5
Total	100 %	100 %	100 %

The Company's target allocation for 2014 will include 65.0% domestic equity securities, 25.0% international equity securities, and 5.0% fixed income securities.

As of December 31, 2014 and 2013, plan assets included approximately \$45.5 million and \$44.7 million, respectively, of investments in 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 Company expects to contribute approximately \$2.3 million to its defined benefit pension plan in 2015. Future benefit payments under the plans are estimated as follows:

Year ended December 31,	(in thousands)
2015	\$ 6,288
2016	6,359
2017	6,392
2018	6,557
2019	6,644
Thereafter	33,459
	\$ 65,699

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The following tables provide a reconciliation of the changes in the fair value of plan assets and plan benefit obligations during 2014 and 2013, and a summary of the funded status as of December 31, 2014 and 2013:

	Year ended	
	December 31,	
	2014	2013
	(in thousands)	
Change in Fair Value of Plan Assets		
Balance at beginning of year	\$ 72,617	\$ 66,137
Actual return on plan assets	3,711	8,545
Company contribution	5,213	3,478
Benefit payments	(5,585)	(5,543)
Balance at end of year	\$ 75,956	\$ 72,617

	Year ended December	
	31,	
	2014	2013
	(in thousands)	
Change in Benefit Obligations		
Balance at beginning of year	\$ 95,178	\$ 105,320
Interest cost	4,144	3,710
Assumption change loss (gain)	17,054	(9,627)
Actuarial loss	132	1,318
Benefit payments	(5,585)	(5,543)
Balance at end of year	\$ 110,923	\$ 95,178

	At December 31,	
	2014	2013
	(in thousands)	
Funded Status		
Funded status at December 31,	\$ (34,967)	\$ (22,561)
Amounts recognized in Consolidated Balance Sheets consist of:		
Current liabilities	\$ (218)	\$ (194)
Long-term liabilities	(34,749)	(22,367)
Net amount recognized in Consolidated Balance Sheets	\$ (34,967)	\$ (22,561)

	Year ended December 31,	
	2014	2013
	(in thousands)	
Amounts not yet reflected in net periodic benefit cost and included in accumulated other comprehensive loss:		
Net actuarial loss	\$ (56,147)	\$ (42,261)
Accumulated other comprehensive loss	(56,147)	(42,261)
Cumulative Company contributions in excess of net periodic benefit cost	21,180	19,700
Net amount recognized in Consolidated Balance Sheets	\$ (34,967)	\$ (22,561)

The net actuarial gain arising during the period, netted against the amortization of the previously existing actuarial loss resulted in a net other comprehensive loss of \$13.9 million in 2014, and a net comprehensive gain of \$18.7 million in 2013 and \$1.7 million in 2012. Other comprehensive loss attributable to a change in the unfunded projected benefit obligation amounted to a net increase of \$59.3 million recognized in prior years. The cumulative net amount of \$56.2 million represents the excess of the projected benefit obligations of the Company's pension plans over the fair value of the plans' assets as of December 31, 2014, compared to \$42.3 million of contributions in excess of the net periodic benefit cost previously recognized. The net amount of \$34.9 million is reflected as a liability as of December 31, 2014 with the offset being a reduction in stockholders' equity. Adjustments to the amount of this

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pension liability will be recorded in future years, as required, based upon periodic re-evaluation of the funded status of the Company's pension plans.

The estimated amount of the net accumulated loss that will be amortized from accumulated other comprehensive loss into net period benefit cost in 2014 is \$5.8 million.

	Year ended December 31,	
	2014	2013
Actuarial assumptions used to determine benefit obligation:		
Discount rate	3.75	4.47
Rate of increase in compensation	n.a.	n.a.
Measurement date	December 31	December 31

The expected long-term rate of return on assets assumption remained at 6.75% for 2013 and 2014. 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 following table sets forth the plan assets at fair value in accordance with the fair value hierarchy described in Note 2 — Fair Value Measurements:

	Quoted Prices in Active Markets for Identical Assets	Significant Observable Inputs	Significant Unobservable Inputs	Total Value
At December 31, 2014	(Level 1)	(Level 2)	(Level 3)	

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	(in thousands)			
Cash and cash equivalents	\$ 4,693	\$ —	\$ —	\$ 4,693
Fixed Income	3,824	—	—	3,824
Equities	7,676	—	—	7,676
Mutual Funds	6,550	—	—	6,550
Equity Partnerships	—	7,723	—	7,723
Hedge Fund Investments:				
Cash	1,010	—	—	1,010
Long-Short Equity Fund	—	15,878	12,755	28,633
Event Driven Fund	—	3,471	9,562	13,033
Distressed Credit	—	—	1,320	1,320
Multi-Strategy Fund	—	—	1,494	1,494
Total	\$ 23,753	\$ 27,072	\$ 25,131	\$ 75,956

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	Quoted Prices in Active Markets for Identical Assets	Significant Observable Inputs	Significant Unobservable Inputs	Total Value
At December 31, 2013	(Level 1) (in thousands)	(Level 2)	(Level 3)	
Cash and cash equivalents	\$ 3,762	\$ —	\$ —	\$ 3,762
Fixed Income	4,000	—	—	4,000
Mutual Funds	13,234	—	—	13,234
Equity Partnerships	—	6,876	—	6,876
Hedge Fund Investments:				
Cash	527	—	—	527
Long-Short Equity Fund	—	14,566	11,655	26,221
Event Driven Fund	—	5,928	8,752	14,680
Distressed Credit	—	—	1,429	1,429
Multi-Strategy Fund	—	—	1,888	1,888
Total	\$ 21,523	\$ 27,370	\$ 23,724	\$ 72,617

Fund strategies seek to capitalize on inefficiencies identified across different asset classes or markets. Hedge fund strategy types include long-short, event driven, multi-strategy and distressed credit. Generally the redemption of the Company's hedge fund investments is subject to certain notice-period requirements and as such the Company has classified these assets as Level 3 assets.

The table below sets forth a summary of changes in the fair value of the Level 3 assets:

Changes in Fair Value of Level 3 Assets				
Long-Short Equity Fund	Event Driven Fund	Distressed Credit	Multi- Strategy Fund	Total

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	(in thousands)				
Balance, December 31, 2013	\$ 10,863	\$ 8,863	\$ 2,199	\$ 1,799	\$ 23,724
Realized gains	—	—	13	3	16
Unrealized gains	843	505	57	59	1,464
Purchases	1,049	16	5	6	1,076
Sales	—	(2,512)	(954)	(373)	(3,839)
Transfer to Level 2 (1)	—	2,690	—	—	2,690
Balance, December 31, 2014	\$ 12,755	\$ 9,562	\$ 1,320	\$ 1,494	\$ 25,131

(1) The transfer of \$2.7 million from Level 3 to Level 2 was comprised of certain hedge funds that were moved due to liquidity classifications.

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	Changes in Fair Value of Level 3 Assets				
	Long- Short Equity Fund	Event Driven Fund	Distressed Credit	Multi- Strategy Fund	Total
	(in thousands)				
Balance, December 31, 2012	\$ 9,992	\$ 7,152	\$ 2,559	\$ 1,950	\$ 21,653
Realized gains	—	—	(7)	(5)	(12)
Unrealized gains	2,971	1,252	158	223	4,604
Purchases	1,343	459	6	9	1,817
Sales	—	—	(517)	(378)	(895)
Transfer to Level 2 (2)	(3,443)	—	—	—	(3,443)
Balance, December 31, 2013	\$ 10,863	\$ 8,863	\$ 2,199	\$ 1,799	\$ 23,724

(2) The transfer of \$3.4 million from Level 3 to Level 2 was comprised of certain hedge funds that became redeemable within 90 days from December 31, 2014.

The Company's plans have benefit obligations in excess of the fair value of the plans' assets. The following table provides information relating to each of the plans' benefit obligations compared to the fair value of its assets: