

TUTOR PERINI Corp  
Form 10-Q  
August 06, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2015

OR

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

For the transition period from                      to

Commission File Number: 1-6314

Tutor Perini Corporation

(Exact name of registrant as specified in its charter)

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|                                                                   |                                         |
|-------------------------------------------------------------------|-----------------------------------------|
| MASSACHUSETTS                                                     | 04-1717070                              |
| (State or other jurisdiction of<br>incorporation or organization) | (I.R.S. Employer<br>Identification No.) |

15901 OLDEN STREET, SYLMAR, CALIFORNIA 91342-1093

(Address of principal executive offices)

(Zip code)

(818) 362-8391

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

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 website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "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 |

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

The number of shares of common stock, \$1.00 par value per share, of the registrant outstanding at August 3, 2015 was 49,069,589.

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Part I. - Financial Information

TUTOR PERINI CORPORATION AND SUBSIDIARIES

CONSOLIDATED CONDENSED BALANCE SHEETS

JUNE 30, 2015 AND DECEMBER 31, 2014

(Unaudited-in thousands, except share data)

|                                                                                                     | June 30,<br>2015 | December<br>31, 2014 |
|-----------------------------------------------------------------------------------------------------|------------------|----------------------|
| ASSETS                                                                                              |                  |                      |
| CURRENT ASSETS:                                                                                     |                  |                      |
| Cash and cash equivalents                                                                           | \$ 106,917       | \$ 135,583           |
| Restricted cash                                                                                     | 39,493           | 44,370               |
| Accounts receivable, including retainage                                                            | 1,553,514        | 1,479,504            |
| Costs and estimated earnings in excess of billings                                                  | 816,480          | 726,402              |
| Deferred income taxes                                                                               | 17,952           | 17,962               |
| Other current assets                                                                                | 103,243          | 68,735               |
| Total current assets                                                                                | 2,637,599        | 2,472,556            |
| PROPERTY AND EQUIPMENT (net of accumulated depreciation of \$237,168 in 2015 and \$220,028 in 2014) | 537,833          | 527,602              |
| OTHER ASSETS:                                                                                       |                  |                      |
| Goodwill                                                                                            | 585,006          | 585,006              |
| Intangible assets, net                                                                              | 98,368           | 100,254              |
| Other                                                                                               | 84,830           | 87,897               |
| Total assets                                                                                        | \$ 3,943,636     | \$ 3,773,315         |

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

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## TUTOR PERINI CORPORATION AND SUBSIDIARIES

## CONSOLIDATED CONDENSED BALANCE SHEETS (continued)

JUNE 30, 2015 AND DECEMBER 31, 2014

(Unaudited-in thousands, except share data)

|                                                                                                                                    | June 30,<br>2015 | December<br>31, 2014 |
|------------------------------------------------------------------------------------------------------------------------------------|------------------|----------------------|
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>                                                                                        |                  |                      |
| <b>CURRENT LIABILITIES:</b>                                                                                                        |                  |                      |
| Current maturities of long-term debt                                                                                               | \$ 86,101        | \$ 81,292            |
| Accounts payable, including retainage                                                                                              | 963,230          | 798,174              |
| Billings in excess of costs and estimated earnings                                                                                 | 263,400          | 319,296              |
| Accrued expenses and other current liabilities                                                                                     | 166,198          | 159,814              |
| Total current liabilities                                                                                                          | 1,478,929        | 1,358,576            |
| <br>LONG-TERM DEBT, less current maturities                                                                                        | <br>806,652      | <br>784,067          |
| <br>DEFERRED INCOME TAXES                                                                                                          | <br>150,193      | <br>150,371          |
| <br>OTHER LONG-TERM LIABILITIES                                                                                                    | <br>113,284      | <br>114,796          |
| Total liabilities                                                                                                                  | 2,549,058        | 2,407,810            |
| <br><b>CONTINGENCIES AND COMMITMENTS</b>                                                                                           |                  |                      |
| <br><b>STOCKHOLDERS' EQUITY:</b>                                                                                                   |                  |                      |
| Preferred stock, \$1 par value:                                                                                                    |                  |                      |
| Authorized – 1,000,000 shares                                                                                                      |                  |                      |
| Issued and outstanding – none                                                                                                      | —                | —                    |
| Common stock - \$1 par value: 75,000,000 shares authorized; Shares issued and outstanding: 49,069,589 shares and 48,671,492 shares | 49,070           | 48,671               |
| Additional paid-in capital                                                                                                         | 1,039,425        | 1,025,941            |
| Retained earnings                                                                                                                  | 349,414          | 332,511              |
| Accumulated other comprehensive loss                                                                                               | (43,331)         | (41,618)             |
| Total stockholders' equity                                                                                                         | 1,394,578        | 1,365,505            |
| <br>Total liabilities and stockholders' equity                                                                                     | <br>\$ 3,943,636 | <br>\$ 3,773,315     |

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



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## TUTOR PERINI CORPORATION AND SUBSIDIARIES

## CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS

(Unaudited-in thousands, except per share data)

|                                                             | Three Months Ended<br>June 30, |              | Six Months Ended<br>June 30, |              |
|-------------------------------------------------------------|--------------------------------|--------------|------------------------------|--------------|
|                                                             | 2015                           | 2014         | 2015                         | 2014         |
| Revenues                                                    | \$ 1,312,438                   | \$ 1,084,510 | \$ 2,378,903                 | \$ 2,039,743 |
| Cost of operations                                          | 1,213,818                      | 954,979      | 2,189,524                    | 1,804,865    |
| Gross profit                                                | 98,620                         | 129,531      | 189,379                      | 234,878      |
| General and administrative expenses                         | 67,739                         | 64,088       | 138,414                      | 127,938      |
| INCOME FROM CONSTRUCTION OPERATIONS                         | 30,881                         | 65,443       | 50,965                       | 106,940      |
| Other income (expense), net                                 | 100                            | (6,974)      | (655)                        | (10,347)     |
| Interest expense                                            | (10,989)                       | (10,857)     | (22,113)                     | (21,688)     |
| Income before income taxes                                  | 19,992                         | 47,612       | 28,197                       | 74,905       |
| Provision for income taxes                                  | (8,215)                        | (19,067)     | (11,294)                     | (30,421)     |
| NET INCOME                                                  | \$ 11,777                      | \$ 28,545    | \$ 16,903                    | \$ 44,484    |
| BASIC EARNINGS PER COMMON SHARE                             | \$ 0.24                        | \$ 0.59      | \$ 0.35                      | \$ 0.92      |
| DILUTED EARNINGS PER COMMON SHARE                           | \$ 0.24                        | \$ 0.58      | \$ 0.34                      | \$ 0.91      |
| WEIGHTED AVERAGE COMMON SHARES<br>OUTSTANDING:              |                                |              |                              |              |
| BASIC                                                       | 49,028                         | 48,543       | 48,890                       | 48,492       |
| Effect of dilutive stock options and restricted stock units | 800                            | 510          | 798                          | 500          |
| DILUTED                                                     | 49,828                         | 49,053       | 49,688                       | 48,992       |

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



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## TUTOR PERINI CORPORATION AND SUBSIDIARIES

## CONSOLIDATED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited-in thousands)

|                                            | Three Months Ended<br>June 30, |           | Six Months Ended<br>June 30, |           |
|--------------------------------------------|--------------------------------|-----------|------------------------------|-----------|
|                                            | 2015                           | 2014      | 2015                         | 2014      |
| NET INCOME                                 | \$ 11,777                      | \$ 28,545 | \$ 16,903                    | \$ 44,484 |
| OTHER COMPREHENSIVE INCOME (LOSS):         |                                |           |                              |           |
| Foreign currency translation               | (1,877)                        | 590       | (2,841)                      | 100       |
| Change in fair value of investments        | (122)                          | 99        | (138)                        | 287       |
| Change in fair value of interest rate swap | 99                             | 120       | 173                          | 258       |
| Other comprehensive income before taxes    | (1,900)                        | 809       | (2,806)                      | 645       |
| INCOME TAX EXPENSE (BENEFIT):              |                                |           |                              |           |
| Foreign currency translation               | (731)                          | 243       | (1,107)                      | 39        |
| Change in fair value of investments        | (48)                           | 106       | (54)                         | 113       |
| Change in fair value of interest rate swap | 39                             | 44        | 68                           | 101       |
| Income tax expense                         | (740)                          | 393       | (1,093)                      | 253       |
| NET OTHER COMPREHENSIVE INCOME (LOSS)      | (1,160)                        | 416       | (1,713)                      | 392       |
| TOTAL COMPREHENSIVE INCOME                 | \$ 10,617                      | \$ 28,961 | \$ 15,190                    | \$ 44,876 |

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

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## TUTOR PERINI CORPORATION AND SUBSIDIARIES

## CONSOLIDATED CONDENSED STATEMENT OF STOCKHOLDERS' EQUITY

FOR THE SIX MONTHS ENDED JUNE 30, 2015

(Unaudited-in thousands)

|                                        | Common<br>Stock | Additional<br>Paid-in<br>Capital | Retained<br>Earnings | Accumulated<br>Other<br>Comprehensive<br>(Loss) Income | Total        |
|----------------------------------------|-----------------|----------------------------------|----------------------|--------------------------------------------------------|--------------|
| Balance - December 31, 2014            | \$ 48,671       | \$ 1,025,941                     | \$ 332,511           | \$ (41,618)                                            | \$ 1,365,505 |
| Net income                             | —               | —                                | 16,903               | —                                                      | 16,903       |
| Other comprehensive income/(loss)      | —               | —                                | —                    | (1,713)                                                | (1,713)      |
| Total comprehensive income             |                 |                                  |                      |                                                        | 15,190       |
| Tax effect of stock-based compensation | —               | (162)                            | —                    | —                                                      | (162)        |
| Stock-based compensation expense       | —               | 13,324                           | —                    | —                                                      | 13,324       |
| Issuance of common stock, net          | 399             | 322                              | —                    | —                                                      | 721          |
| Balance - June 30, 2015                | \$ 49,070       | \$ 1,039,425                     | \$ 349,414           | \$ (43,331)                                            | \$ 1,394,578 |

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

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## TUTOR PERINI CORPORATION AND SUBSIDIARIES

## CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS

(UNAUDITED)

(in thousands)

|                                                                            | Six Months Ended June 30,<br>2015 | 2014      |
|----------------------------------------------------------------------------|-----------------------------------|-----------|
| Cash Flows from Operating Activities:                                      |                                   |           |
| Net income                                                                 | \$ 16,903                         | \$ 44,484 |
| Adjustments to reconcile net income to net cash from operating activities: |                                   |           |
| Depreciation and amortization                                              | 21,434                            | 30,078    |
| Stock-based compensation expense                                           | 13,324                            | 9,920     |
| Excess income tax benefit from stock-based compensation                    | (162)                             | —         |
| Deferred income taxes                                                      | (177)                             | (64)      |
| Loss on sale of investments                                                | —                                 | 1,786     |
| (Gain) loss on sale of property and equipment                              | (313)                             | 427       |
| Other long-term liabilities                                                | 42                                | 5,559     |
| Other non-cash items                                                       | (3,259)                           | 1,562     |
| Changes in other components of working capital                             | (79,550)                          | (155,187) |
| NET CASH USED IN OPERATING ACTIVITIES                                      | (31,758)                          | (61,435)  |
| Cash Flows from Investing Activities:                                      |                                   |           |
| Acquisition of property and equipment excluding financed purchases         | (29,544)                          | (26,730)  |
|                                                                            | 1,122                             | 1,906     |

|                                                                                   |            |    |           |
|-----------------------------------------------------------------------------------|------------|----|-----------|
| Proceeds from sale of property and equipment                                      |            |    |           |
| Proceeds from sale of available-for-sale securities                               | —          |    | 44,497    |
| Change in restricted cash                                                         | 4,877      |    | (33)      |
| NET CASH (USED BY) PROVIDED BY INVESTING ACTIVITIES                               | (23,545)   |    | 19,640    |
| Cash Flows from Financing Activities:                                             |            |    |           |
| Proceeds from debt                                                                | 473,490    |    | 717,484   |
| Repayment of debt                                                                 | (446,239)  |    | (649,282) |
| Business acquisition-related payments                                             | —          |    | (1,260)   |
| Excess income tax benefit from stock-based compensation                           | 162        |    | —         |
| Issuance of common stock and effect of cashless exercise                          | (776)      |    | (1,531)   |
| Debt issuance costs                                                               | —          |    | (3,681)   |
| NET CASH PROVIDED BY FINANCING ACTIVITIES                                         | 26,637     |    | 61,730    |
| Net (Decrease) Increase in Cash and Cash Equivalents                              | (28,666)   |    | 19,935    |
| Cash and Cash Equivalents at Beginning of Year                                    | 135,583    |    | 119,923   |
| Cash and Cash Equivalents at End of Period                                        | \$ 106,917 | \$ | 139,858   |
| Supplemental Disclosure of Cash Paid For:                                         |            |    |           |
| Interest                                                                          | \$ 26,148  | \$ | 21,830    |
| Income taxes                                                                      | \$ 19,717  | \$ | 33,668    |
| Supplemental Disclosure of Non-cash Transactions:                                 |            |    |           |
| Property and equipment acquired through financing arrangements not included above | \$ —       | \$ | 27,045    |

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

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TUTOR PERINI CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

(1) Basis of Presentation

The unaudited consolidated condensed financial statements presented herein include the accounts of Tutor Perini Corporation and its wholly owned subsidiaries (“Tutor Perini” or the “Company”). 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.

The unaudited consolidated condensed financial statements have been prepared in accordance with the instructions to Form 10-Q and do not include all of the information and note disclosures required by accounting principles generally accepted in the United States as codified in the Financial Accounting Standards Board’s (“FASB”) Accounting Standards Codification. These statements should be read in conjunction with the financial statements and notes thereto included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2014.

In the opinion of management, the accompanying unaudited consolidated condensed financial statements include all adjustments, consisting only of normal recurring adjustments necessary to present fairly the Company’s financial position as of June 30, 2015 and December 31, 2014, results of operations and comprehensive income, for the three and six months ended June 30, 2015 and 2014, and cash flows for the six months ended June 30, 2015 and 2014. The results of operations for the three and six months ended June 30, 2015 are not indicative of the results that may be expected for the year ending December 31, 2015 because, among other reasons, such results can vary depending on the timing of progress achieved and changes in estimated profitability of projects being reported.

The Company considers events or transactions that occur after the balance sheet date but before the financial statements are issued to provide additional evidence relative to certain estimates or to identify matters that require additional disclosures.

(2) Significant Accounting Policies

The significant accounting policies followed by the Company and its subsidiaries in preparing its consolidated financial statements are set forth in Note 1 to the financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2014.

#### Recently Issued Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update ("ASU") 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. In July 2015, FASB delayed the effective date by one year and is effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period, using one of two retrospective application methods. Early application would be permitted only as of annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period. 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.

In February 2015, the FASB issued ASU No. 2015-02, Consolidation (Topic 810). The goal of this ASU is to reduce the potentially distortive impact on reporting entities' consolidated financial statements resulting from the consolidation of certain legal entities, including joint ventures and variable interest entities. This ASU is effective for fiscal years, and interim periods within those years, beginning after December 15, 2015. The adoption of this guidance is not expected to have a material impact on the Company's financial statements.

In April 2015, the FASB issued ASU 2015-03, Interest – Imputation of Interest (Subtopic 835-30). This ASU requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. This ASU is effective for fiscal years, and interim periods within those years,

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beginning after December 15, 2015. The adoption of this ASU is not expected to have a material impact on the Company's financial statements.

### Use of and Changes in Estimates

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. Management focuses on evaluating the performance of contracts individually. These estimates 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. 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.

During the three months ended June 30, 2015, the Company's results of operations were negatively impacted because of an unfavorable change in the estimated cost to complete for a certain Building segment project. This change in estimate resulted in a \$14.7 million decrease in income from construction operations, an \$8.7 million decrease in net income, and a \$0.17 decrease in diluted earnings per share ("EPS") during the three months ended June 30, 2015.

During the three months ended June 30, 2014, the Company's results of operations were positively impacted because of changes in the estimated cost recovery on two Civil segment projects based on certain legal rulings issued during the period. One project had a favorable ruling, resulting in a \$24.2 million increase, and the second project had an unfavorable ruling, resulting in a \$9.4 million decrease. Together, these changes in estimates resulted in a \$14.8 million increase in income from construction operations, an \$8.8 million increase in net income, and an \$0.18 increase in diluted EPS during the three months ended June 30, 2014.

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

### (3) Cash and Cash Equivalents and Restricted Cash

Cash and 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 Condensed 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:

|                                                                                                                                        | June 30,<br>2015<br>(in thousands) | December<br>31,<br>2014 |
|----------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|-------------------------|
| Corporate cash and cash equivalents (available for general corporate purposes)                                                         | \$ 48,394                          | \$ 40,846               |
| Company's share of joint venture cash and cash equivalents (available only for joint venture purposes, including future distributions) | 58,523                             | 94,737                  |
| Total Cash and Cash Equivalents                                                                                                        | \$ 106,917                         | \$ 135,583              |
| Restricted Cash                                                                                                                        | \$ 39,493                          | \$ 44,370               |

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## (4) Costs and estimated earnings in excess of billings

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

|                                                 | June 30,<br>2015 | December<br>31,<br>2014 |
|-------------------------------------------------|------------------|-------------------------|
|                                                 | (in thousands)   |                         |
| Unbilled costs and profits incurred to date (a) | \$ 248,561       | \$ 253,078              |
| Unapproved change orders                        | 274,134          | 161,375                 |
| Claims                                          | 293,785          | 311,949                 |
|                                                 | \$ 816,480       | \$ 726,402              |

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(a) 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 June 30, 2015 and December 31, 2014, approximately \$41.3 million and \$38.4 million, respectively, are the amounts subject to pending litigation or dispute resolution proceedings as described in Note 7 — 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.

## (5) Fair Value Measurements

The Company measures certain financial instruments, including cash and cash equivalents, such as money market funds, at fair value. 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 value of receivables, payables and other amounts arising out of normal contract activities, including retainage, which may be settled beyond one year, is estimated to approximate fair value. Of the Company's long-term debt, the fair values of the fixed rate senior unsecured notes as of June 30, 2015 and December 31, 2014 were \$310.1 million and \$310.3 million, respectively, compared to the carrying value of \$298.9 million and \$298.8 million as of June 30, 2015 and December 31, 2014, 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 financial instruments at June 30, 2015 and December 31, 2014. The carrying values of the remaining balance of the Company's long-term debt of \$593.9 million and \$566.6 million at June 30, 2015 and December 31, 2014, respectively, were estimated to approximate their fair values.

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

| As of June 30, 2015                  | Fair Value Measurements Using                |                                                    |                                                           |                                                    |
|--------------------------------------|----------------------------------------------|----------------------------------------------------|-----------------------------------------------------------|----------------------------------------------------|
|                                      | Total<br>Carrying<br>Value<br>(in thousands) | Quoted prices<br>in active<br>markets<br>(Level 1) | Significant<br>other<br>observable<br>inputs<br>(Level 2) | Significant<br>unobservable<br>inputs<br>(Level 3) |
| <b>Assets:</b>                       |                                              |                                                    |                                                           |                                                    |
| Cash and cash equivalents (a)        | \$ 106,917                                   | \$ 106,917                                         | \$ —                                                      | \$ —                                               |
| Restricted cash (a)                  | 39,493                                       | 39,493                                             | —                                                         | —                                                  |
| Investments in lieu of retainage (b) | 36,482                                       | 26,579                                             | 9,903                                                     | —                                                  |
| Total                                | \$ 182,892                                   | \$ 172,989                                         | \$ 9,903                                                  | \$ —                                               |
| <b>Liabilities:</b>                  |                                              |                                                    |                                                           |                                                    |
| Interest rate swap contract (c)      | \$ 208                                       | \$ —                                               | \$ 208                                                    | \$ —                                               |
| Contingent consideration (d)         | 26,334                                       | —                                                  | —                                                         | 26,334                                             |
|                                      | \$ 26,542                                    | \$ —                                               | \$ 208                                                    | \$ 26,334                                          |

| As of December 31, 2014              | Fair Value Measurements Using                |                                                    |                                                           |                                                    |
|--------------------------------------|----------------------------------------------|----------------------------------------------------|-----------------------------------------------------------|----------------------------------------------------|
|                                      | Total<br>Carrying<br>Value<br>(in thousands) | Quoted prices<br>in active<br>markets<br>(Level 1) | Significant<br>other<br>observable<br>inputs<br>(Level 2) | Significant<br>unobservable<br>inputs<br>(Level 3) |
| <b>Assets:</b>                       |                                              |                                                    |                                                           |                                                    |
| Cash and cash equivalents (a)        | \$ 135,583                                   | \$ 135,583                                         | \$ —                                                      | \$ —                                               |
| Restricted cash (a)                  | 44,370                                       | 44,370                                             | —                                                         | —                                                  |
| Investments in lieu of retainage (b) | 33,224                                       | 25,761                                             | 7,463                                                     | —                                                  |
| Total                                | \$ 213,177                                   | \$ 205,714                                         | \$ 7,463                                                  | \$ —                                               |
| <b>Liabilities:</b>                  |                                              |                                                    |                                                           |                                                    |
| Interest rate swap contract (c)      | \$ 381                                       | \$ —                                               | \$ 381                                                    | \$ —                                               |

|                              |           |      |        |           |
|------------------------------|-----------|------|--------|-----------|
| Contingent consideration (d) | 24,814    | —    | —      | 24,814    |
|                              | \$ 25,195 | \$ — | \$ 381 | \$ 24,814 |

- 
- (a) Cash, cash equivalents and restricted cash consist primarily of money market funds with original maturity dates of three months or less, for which fair value is determined through quoted market prices.
- (b) Investments in lieu of retainage are classified as account receivables, including retainage and are comprised primarily of money market funds for which fair value is determined through quoted market prices. Investment in lieu of retainage also includes U.S. Treasury Notes and other municipal bonds for which fair value is determined through quoted market prices and other similar high quality investments whose values are determined from readily-available pricing sources for comparable instruments.
- (c) As discussed in Note 10 — Financial Commitments, the Company entered into a swap agreement with Bank of America, N.A. to establish a long-term interest rate for its former \$200 million five-year term loan. The swap agreement became effective for the term loan principal balance outstanding at January 31, 2012. This term loan was paid off and the then current amount refinanced on June 5, 2014, providing for a \$250 million term loan maturing on June 5, 2019. The interest rate swap continues on its original basis for the initial term and amount and finalizes on June 30, 2016. Bank of America calculates the fair market value of the interest rate swap liability by utilizing a mark-to-market valuation model that is based on current observable interest rates, expected future interest rates and the Company's credit risk. The Company reviews the mark-to-market valuation when determining the fair value of the interest rate swap liability to be recognized. This liability is classified as a component of other long-term liabilities.

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- (d) The liabilities listed as of June 30, 2015 and December 31, 2014 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 three and six months ended June 30, 2015 and 2014.

The following is a summary of changes in Level 3 liabilities measured at fair value on a recurring basis during the three and six months ended June 30, 2015 and 2014:

|                                                                | Contingent<br>Consideration<br>(in thousands) |
|----------------------------------------------------------------|-----------------------------------------------|
| Balance at December 31, 2014                                   | \$ 24,814                                     |
| Fair value adjustments included in other income (expense), net | 746                                           |
| Contingent consideration settled                               | —                                             |
| Balance at March 31, 2015                                      | \$ 25,560                                     |
| Fair value adjustments included in other income (expense), net | 774                                           |
| Contingent consideration settled                               | —                                             |
| Balance at June 30, 2015                                       | \$ 26,334                                     |

Contingent  
Consideration

|                                                                | (in thousands) |
|----------------------------------------------------------------|----------------|
| Balance at December 31, 2013                                   | \$ 46,022      |
| Fair value adjustments included in other income (expense), net | 3,404          |
| Contingent consideration settled                               | (1,031)        |
| Balance at March 31, 2014                                      | \$ 48,395      |
| Fair value adjustments included in other income (expense), net | 2,162          |
| Contingent consideration settled                               | (229)          |
| Balance at June 30, 2014                                       | \$ 50,328      |

The fair values of the contingent consideration were estimated using an income approach 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%).

#### (6) Goodwill and Intangible Assets

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. The Company did not observe any changes in facts or circumstances during the three and six months ended June 30, 2015 that would indicate a material adverse change to the fourth quarter 2014 concluded valuation.

The Company tests intangible assets with finite lives for impairment whenever events or circumstances indicate that the carrying value may not be recoverable. The Company did not observe any events or circumstances during the three and six months ended June 30, 2015 that would indicate that the carrying value of its intangible assets may not be recoverable.

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The following table presents the carrying amount of goodwill allocated to the Company's reporting units as of June 30, 2015:

|                              | Civil          | Building   | Specialty<br>Contractors | Total        |
|------------------------------|----------------|------------|--------------------------|--------------|
|                              | (in thousands) |            |                          |              |
| Gross Goodwill Balance       | \$ 492,074     | \$ 424,724 | \$ 156,193               | \$ 1,072,991 |
| Accumulated Impairment       | (76,716)       | (411,269)  | —                        | (487,985)    |
| Balance at December 31, 2014 | \$ 415,358     | \$ 13,455  | \$ 156,193               | \$ 585,006   |
| Current activity             | —              | —          | —                        | —            |
| Balance at June 30, 2015     | \$ 415,358     | \$ 13,455  | \$ 156,193               | \$ 585,006   |

Intangible assets consist of the following:

|                               | June 30, 2015  |                             |                                     |                   | Weighted<br>Average<br>Amortization<br>Period |
|-------------------------------|----------------|-----------------------------|-------------------------------------|-------------------|-----------------------------------------------|
|                               | Cost           | Accumulated<br>Amortization | Accumulated<br>Impairment<br>Charge | Carrying<br>Value |                                               |
|                               | (in thousands) |                             |                                     |                   |                                               |
| Trade names (non-amortizable) | \$ 117,600     | \$ —                        | \$ (67,190)                         | \$ 50,410         | Indefinite                                    |
| Trade names (amortizable)     | 74,350         | (10,073)                    | (23,232)                            | 41,045            | 20 years                                      |
| Contractor license            | 6,000          | —                           | (6,000)                             | —                 | Indefinite                                    |
| Customer relationships        | 39,800         | (16,242)                    | (16,645)                            | 6,913             | 11.4 years                                    |
| Construction contract backlog | 73,706         | (73,706)                    | —                                   | —                 | N/A                                           |
| Total                         | \$ 311,456     | \$ (100,021)                | \$ (113,067)                        | \$ 98,368         |                                               |

|                               | December 31, 2014 |                             |                                     |                   | Weighted<br>Average<br>Amortization<br>Period |
|-------------------------------|-------------------|-----------------------------|-------------------------------------|-------------------|-----------------------------------------------|
|                               | Cost              | Accumulated<br>Amortization | Accumulated<br>Impairment<br>Charge | Carrying<br>Value |                                               |
|                               | (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                                      |

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|                               |            |             |              |            |            |
|-------------------------------|------------|-------------|--------------|------------|------------|
| 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 |            |

Amortization expense was \$1.0 million and \$1.9 million for the three and six months ended June 30, 2015 compared to \$3.7 million and \$7.3 million during the same periods 2014. The following table presents estimated amortization expense of intangible assets for the remainder of 2015 and for the succeeding years:

| Fiscal Year                 | (in millions) |
|-----------------------------|---------------|
| 2015 (six months remaining) | \$ 1.8        |
| 2016                        | 3.5           |
| 2017                        | 3.5           |
| 2018                        | 3.5           |
| 2019                        | 3.5           |
| Thereafter                  | 32.2          |
| Total                       | \$ 48.0       |

#### (7) Contingencies and Commitments

The Company and certain of its subsidiaries are involved in litigation and are contingently liable for commitments and performance guarantees arising in the ordinary course of business. The Company and certain of its clients have made claims arising from the

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performance under their contracts. The Company recognizes certain significant claims for recovery of incurred cost when it is probable that the claim will result in additional contract revenue and when the amount of the claim can be reliably estimated. These assessments require judgments concerning matters such as litigation developments and outcomes, the anticipated outcome of negotiations, the number of future claims and the cost of both pending and future claims. In addition, because most contingencies are resolved over long periods of time, liabilities may change in the future due to various factors.

Several matters are in the litigation and dispute resolution process. The following discussion provides a background and current status of these matters.

**Tutor-Saliba-Perini Joint Venture vs. Los Angeles MTA Matter**

During 1995, Tutor-Saliba-Perini (“Joint Venture”) filed a complaint in the Superior Court of the State of California for the County of Los Angeles against the Los Angeles County Metropolitan Transportation Authority (“LAMTA”), seeking to recover costs for extra work required by LAMTA in connection with the construction of certain tunnel and station projects, all of which were completed by 1996. In 1999, LAMTA countered with civil claims under the California False Claims Act against the Joint Venture, Tutor-Saliba and the Company jointly and severally (together, “TSP”), and obtained a judgment that was reversed on appeal and remanded for retrial before a different judge.

Between 2005 and 2010, the court granted certain Joint Venture motions and LAMTA capitulated on others, which reduced the number of false claims LAMTA may seek and limited LAMTA’s claims for damages and penalties. In September 2010, LAMTA dismissed its remaining claims and agreed to pay the entire amount of the Joint Venture’s remaining claims plus interest. In the remanded proceedings, the Court subsequently entered judgment in favor of TSP and against LAMTA in the amount of \$3.0 million after deducting \$0.5 million, representing the tunnel handrail verdict plus accrued interest against TSP. The parties filed post-trial motions for costs and fees. The Court ruled that TSP’s sureties could recover costs, LAMTA could recover costs for the tunnel handrail trial, and no party could recover attorneys’ fees. TSP appealed the false claims jury verdict on the tunnel handrail claim and other issues, including the denial of TSP’s and its sureties’ request for attorneys’ fees. LAMTA subsequently filed its cross-appeal. In June 2014, the Court of Appeal issued its decision reversing judgment on the People’s Unfair Competition claim and reversing the denial of TSP’s Sureties’ request for attorney’s fees and affirming the remainder of the judgment. In January 2015, payment was made by LAMTA in the amount of \$3.8 million in settlement of all outstanding issues except for the attorney’s fees for TSP’s Sureties.

On May 1, 2015, TSP’s Surety’s motions for attorney’s fees were heard, and the Court issued its written ruling on May 5, 2015 in favor of TSP’s Sureties for a total award of \$2.1 million. The Court denied adding interest onto these amounts. On June 26, 2015, payment was made by LAMTA for these amounts, which was received by TSP. On June 23, 2015, TSP’s Sureties filed a Notice of Appeal challenging the amount awarded to seek an increase.

The Company does not expect this matter to have any material effect on its consolidated financial statements.

#### Long Island Expressway/Cross Island Parkway Matter

The Company reconstructed the Long Island Expressway/Cross Island Parkway Interchange project for the New York State Department of Transportation (the “NYSDOT”). The \$130 million project was substantially completed in January 2004 and was accepted by the NYSDOT as finally complete in February 2006. The Company incurred significant added costs in completing its work and suffered extended schedule costs due to numerous design errors, undisclosed utility conflicts, lack of coordination with local agencies and other interferences for which the Company believes that the NYSDOT is responsible.

In March 2011, the Company filed its claim and complaint with the New York State Court of Claims and served to the New York State Attorney General’s Office, seeking damages in the amount of \$53.8 million. In May 2011, the NYSDOT filed a motion to dismiss the Company’s claim on the grounds that the Company had not provided required documentation for project closeout and filing of a claim. In September 2011, the Company reached agreement on final payment with the Comptroller’s Office on behalf of the NYSDOT which resulted in an amount of \$0.5 million payable to the Company and formally closed out the project, which allowed the Company’s claim to be re-filed. The Company re-filed its claim in the amount of \$53.8 million with the NYSDOT in February 2012 and with the Court of Claims in March 2012. In May 2012, the NYSDOT served its answer and counterclaims in the amount of \$151 million alleging fraud in the inducement and punitive damages related to disadvantaged business enterprise (“DBE”) requirements for the project. The Court subsequently ruled that NYSDOT’s counterclaims may only be asserted as a defense and offset to the Company’s claims and not as affirmative claims. In November 2014, the Appellate Division First Department affirmed the dismissal of the City’s affirmative defenses and counterclaims based on DBE fraud. The Company does not expect the counterclaims to have any material effect on its consolidated financial statements. Discovery is ongoing.

Management has made an estimate of the total anticipated recovery on this project, and such estimate is included in revenue recorded to date. To the extent new facts become known or the final recovery included in the claim settlement varies from the estimate, the impact of the change will be reflected in the financial statements at that time.

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Fontainebleau Matter

Desert Mechanical Inc. (“DMI”) and Fisk Electric Company (“Fisk”), wholly owned subsidiaries of the Company, were subcontractors on the Fontainebleau Project in Las Vegas (“Fontainebleau”), a hotel/casino complex with approximately 3,800 rooms. In June 2009, Fontainebleau filed for bankruptcy protection, under Chapter 11 of the U.S. Bankruptcy Code, in the Southern District of Florida. Fontainebleau is headquartered in Miami, Florida.

DMI and Fisk filed liens in Nevada for approximately \$44 million, representing unreimbursed costs to date and lost profits, including anticipated profits. Other unaffiliated subcontractors have also filed liens. In June 2009, DMI filed suit against Turnberry West Construction, Inc. (“Turnberry”), the general contractor, in the 8th Judicial District Court, Clark County, Nevada, and in May 2010, the court entered an order in favor of DMI for approximately \$45 million.

In January 2010, the Bankruptcy Court approved the sale of the property to Icahn Nevada Gaming Acquisition, LLC, and this transaction closed in February 2010. As a result of a July 2010 ruling relating to certain priming liens, there was approximately \$125 million set aside from this sale, which is available for distribution to satisfy the creditor claims based on seniority. At that time, the total estimated sustainable lien amount was approximately \$350 million. The project lender filed suit against the mechanic’s lien claimants, including DMI and Fisk, alleging that certain mechanic’s liens are invalid and that all mechanic’s liens are subordinate to the lender’s claims against the property. The Nevada Supreme Court ruled in October 2012 in an advisory opinion at the request of the Bankruptcy Court that lien priorities would be determined in favor of the mechanic lien holders under Nevada law.

In October 2013, a settlement was reached by and among the Statutory Lienholders and the other interested parties. The agreed upon settlement has not had an impact on the Company’s recorded accounting position as of the period ended June 30, 2015. The execution of that settlement agreement continues under the supervision of a mediator appointed by the Bankruptcy Court. Management has made an estimate of the total anticipated recovery on this project, and such estimate is included in revenue recorded to date. To the extent new facts become known or the final recovery included in the claim settlement varies from the estimate, the impact of the change will be reflected in the financial statements at that time.

Honeywell Street/Queens Boulevard Bridges Matter

In 1999, the Company was awarded a contract for reconstruction of the Honeywell Street/Queens Boulevard Bridges project for the City of New York (the “City”). In June 2003, after substantial completion of the project, the Company initiated an action to recover \$8.8 million in claims against the City on behalf of itself and its subcontractors. In March 2010, the City filed counterclaims for \$74.6 million and other relief, alleging fraud in connection with the DBE

requirements for the project. In May 2010, the Company served the City with its response to the City's counterclaims and affirmative defenses. In August 2013, the Court granted TPC's motion to dismiss the City's affirmative defenses and counterclaims relating to fraud. In September 2013, the City filed a Notice of Appeal to the Court's decision; said appeal was dismissed by the Appellate Court in November 2014. The Note of Issue is due to be filed on August 11, 2015, at which point the case is expected to be scheduled for trial. Discovery is ongoing.

The Company does not expect this matter to have any material effect on its consolidated financial statements.

#### Westgate Planet Hollywood Matter

Tutor-Saliba Corporation ("TSC"), a wholly owned subsidiary of the Company, contracted to construct a time share development project in Las Vegas which was substantially completed in December 2009. The Company's claims against the owner, Westgate Planet Hollywood Las Vegas, LLC ("WPH"), relate to unresolved owner change orders and other claims. The Company filed a lien on the project in the amount of \$23.2 million, and filed its complaint with the District Court, Clark County, Nevada. Several subcontractors have also recorded liens, some of which have been released by bonds and some of which have been released as a result of subsequent payment. WPH has posted a mechanic's lien release bond for \$22.3 million.

WPH filed a cross-complaint alleging non-conforming and defective work for approximately \$51 million, primarily related to alleged defects, misallocated costs, and liquidated damages. WPH revised the amount of their counterclaims to approximately \$45 million.

Following multiple post-trial motions, final judgment was entered in this matter on March 20, 2014. TSC was awarded total judgment in the amount of \$19.7 million on its breach of contract claim, which includes an award of interest up through the date of judgment, plus attorney's fees and costs. WPH has paid \$0.6 million of that judgment. WPH was awarded total judgment in the amount of \$3.1 million on its construction defect claims, which includes interest up through the date of judgment. The awards are not offsetting. WPH and its Sureties have filed a notice of appeal. TSC has filed a notice of appeal on the defect award. In July 2014, the Court ordered WPH to post an additional supersedeas bond on appeal, in the amount of \$1.7 million, in addition to the lien release bond of \$22.3 million, which increases the security up to \$24.0 million. Oral argument, if any, on the appeals is anticipated to be scheduled for early 2016.

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The Company does not expect this matter to have any material effect on its consolidated financial statements. Management has made an estimate of the total anticipated recovery on this project and such estimate is included in revenue recorded to date. To the extent new facts become known or the final recovery included in the claim settlement varies from the estimate, the impact of the change will be reflected in the financial statements at that time.

Brightwater Matter

In 2006, the Department of Natural Resources and Parks Wastewater Treatment Division of King County (“King County”), as Owner, and Vinci Construction Grands Projects/Parsons RCI/Frontier-Kemper, Joint Venture (“VPFK”), as Contractor, entered into a contract to construct the Brightwater Conveyance System and tunnel sections in Washington State. Frontier-Kemper, a wholly owned subsidiary of the Company, is a 20% minority partner in the joint venture.

In April 2010, King County filed a lawsuit alleging damages in the amount of \$74 million, plus costs, for VPFK’s failure to complete specified components of the project in the King County Superior Court, State of Washington. Shortly thereafter, VPFK filed a counterclaim in the amount of approximately \$75 million, seeking reimbursement for additional costs incurred as a result of differing site conditions, King County’s defective specifications, and for damages sustained on VPFK’s tunnel boring machines (“TBM”), and increased costs as a result of hyperbaric interventions. VPFK’s claims were presented to a Dispute Resolution Board (“DRB”) who generally found that King County was liable to VPFK for VPFK’s claims for encountering differing site conditions, including damages to the TBM, but not on claims related to defective design specifications. From June through August 2012, each party filed several motions for summary judgment on certain claims and requests in preparation for trial, which were heard and ruled upon by the Court. The Court granted and denied various requests of each party related to evidence and damages.

In December 2012, a jury verdict was received in favor of King County in the amount of \$155.8 million and a verdict in favor of VPFK in the amount of \$26.3 million. In late April 2013, the Court ruled on post-trial motions and ordered VPFK’s sureties to pay King County’s attorneys’ fees and costs in the amount of \$14.7 million. All other motions were denied. On May 7, 2013, VPFK paid the full verdict amount and the associated fees, thus terminating any interest on the judgment. VPFK’s notice of appeal was filed on May 31, 2013. King County has appealed approximately \$17.0 million of the verdict award in VPFK’s favor and VPFK’s sureties have appealed the Court’s order granting King County’s request for legal fees and costs. Oral argument was held on March 9, 2015 and a decision is expected within three to six months.

The ultimate financial impact of King County’s lawsuit is not yet specifically determinable. In the fourth quarter of 2012, management developed a range of possible outcomes and has recorded a charge to income and a contingent liability of \$5.0 million in accrued expenses. In developing a range of possible outcomes, management considered the

jury verdict, continued litigation and potential settlement strategies. Management determined that there was no estimate within the range of possible outcomes that was more probable than the other and recorded a liability at the low end of the range. As of June 30, 2015, there were no changes in facts or circumstances that led management to believe that there were any changes to the probability of outcomes. The amount of payments in excess of the established contingent liability is recorded in Accounts Receivable on the Company's Consolidated Condensed Balance Sheet as of June 30, 2015. Estimating and recording future outcomes of litigation proceedings require significant judgment and assumptions about the future, which are inherently subject to risks and uncertainties. If a final recovery turns out to be materially less favorable than our estimates, this may have a significant impact on the Company's financial results. To the extent new facts become known or the final recovery included in the claim settlement varies from the estimate, the impact of the change will be reflected in the financial statements at that time.

#### 156 Stations Matter

In December 2003, Five Star Electric Corporation ("FSE"), a wholly owned subsidiary of the Company, entered into an agreement with the Prime Contractor Transit Technologies, L.L.C ("Transit"), a Consortium member of Siemens Transportation Transit Technologies, L.L.C ("Siemens"), to assist in the installation of new public address and customer information screens system for each of the 156 stations for the New York City Transit Authority ("NYCTA") as the owner.

In June 2012, an arbitration panel awarded FSE a total of approximately \$11.9 million. Subsequently, the Court affirmed FSE's position, however, decided that only \$8.5 million of the total arbitration award of \$11.9 million can be recovered against the payment bond. In December 2014, FSE filed its reply for the motion for re-argument with regard to the reduction in recoverable costs against the payment bond.

This matter was fully settled in April 2015 and payment was received. The settlement amount was consistent with the Company's recorded position and, accordingly, the settlement did not have a material impact on the Company's consolidated financial statements.

#### U.S. Department of Commerce, National Oceanic and Atmospheric Administration Matter

Rudolph and Sletten, Inc. ("R&S"), a wholly owned subsidiary of the Company, entered into a contract with the United States Department of Commerce, National Oceanic and Atmospheric Administration ("NOAA" or "Owner") for the construction of a

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287,000 square-foot facility for NOAA's Southwest Fisheries Science Center Replacement Headquarters and Laboratory in La Jolla, California. The contract work began on May 24, 2010, and was substantially completed in September 2012. R&S incurred significant additional costs as a result of a design that contained errors and omissions, NOAA's unwillingness to correct design flaws in a timely fashion and a refusal to negotiate the time and pricing associated with change order work.

R&S has filed three certified claims against NOAA for contract adjustments related to the unresolved Owner change orders, delays, design deficiencies and other claims. The First Certified Claim was submitted on August 20, 2013, in the amount of \$26.8 million ("First Certified Claim") and the Second Certified Claim was submitted on October 30, 2013, in the amount of \$2.6 million ("Second Certified Claim") and the Third Certified Claim was submitted on October 1, 2014 in the amount of \$0.7 million ("Third Certified Claim").

NOAA requested an extension to issue a decision on the First Certified Claim and on the Third Certified Claim, but did not request an extension of time to review the Second Certified Claim. On January 6, 2014, R&S filed suit in the United States Federal Court of Claims on the Second Certified Claim plus interest and attorney's fees and costs. This was followed by a submission of a law suit on the First Certified Claim on July 31, 2014. In February 2015 the Court denied NOAA's motion to dismiss the Second Certified Claim. In March 2015 the Contracting Officer issued decisions on all Claims accepting a total of approximately \$1.0 million of claims and denying approximately \$29.5 million of claims. On April 14, 2015, the Court consolidated the cases and has commenced discovery through July 2016. No trial date has been set.

Management has made an estimate of the total anticipated recovery on this project, and such estimate is included in revenue recorded to date. To the extent new facts become known or the final recovery included in the claim settlement varies from the estimate, the impact of the change will be reflected in the financial statements at that time.

(8) Income Taxes

The Company's income tax provision was \$8.2 million and \$11.3 million for the three and six months ended June 30, 2015 compared to the income tax provision of \$19.1 million and \$30.4 million for the three and six months ended June 30, 2014. The effective income tax rate was 41.1% and 40.1% for the three and six months ended June 30, 2015, respectively, compared to 40.0% and 40.6% for the same period in 2014.

As of June 30, 2015, the total amount of unrecognized tax benefits, including related interest and penalties was \$7.9 million. If the total amount of unrecognized tax benefits was recognized, \$6.8 million of unrecognized tax benefits and \$1.1 million of interest would decrease the effective tax rate.

#### (9) Stock-Based Compensation

The Company is authorized to grant up to 8,500,000 stock-based compensation awards to key executives, employees, other key persons, including consultants, and directors of the Company under the Amended and Restated Tutor Perini Corporation Long-Term Incentive Plan (the "Plan"). The Plan allows stock-based compensation awards to be granted in a variety of forms, including stock options, stock appreciation rights, restricted stock unit awards, unrestricted stock awards, deferred stock awards and dividend equivalent rights. The terms and conditions of the awards granted are established by the Compensation Committee of the Company's Board of Directors who also administers the Plan.

The Company intends to settle stock awards in shares upon vesting to the extent that the Company has shares available under the Plan. A total of 46,768 shares of common stock remain available for future grant under the Plan at June 30, 2015.

#### Restricted Stock Unit Awards

Restricted stock unit awards generally vest subject to the satisfaction of service requirements or the satisfaction of both service requirements and achievement of certain performance targets. Upon vesting, each restricted stock unit award is exchanged for one share of the Company's common stock. The grant date fair values of these awards are determined based on the closing price of the Company's stock on either the award date (if subject only to service conditions), or the date that the Compensation Committee establishes the applicable performance target (if subject to performance conditions). The related compensation expense is amortized over the applicable requisite service period. As of June 30, 2015, the Compensation Committee has approved the grant of an aggregate of 6,276,430 restricted stock unit awards under the 2004 Stock Option and Incentive Plan (and amendments) to eligible participants.

During the six months ended June 30, 2015, the Compensation Committee established the 2015 performance targets for 321,500 restricted stock units awarded in 2015, 2013, and 2012. The restricted stock unit awards granted during the first half of 2015 had a weighted average grant date fair value of \$23.07. The grant date fair value is determined based on the closing price of the Company's common stock on the date of the grant.

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During the six months ended June 30, 2014, the Compensation Committee established the 2014 performance targets for 866,500 restricted stock units awarded in 2014, 2013, and 2012. The restricted stock unit awards granted during the first half of 2014 had a weighted average grant date fair value of \$27.33. The grant date fair value is determined based on the closing price of the Company's common stock on the date of the grant.

1,560 restricted stock unit awards were forfeited during the six months ended June 30, 2015.

During the three and six months ended June 30, 2015, the Company recognized \$3.0 million and \$8.6 million, respectively, of compensation expense related to restricted stock unit awards, as compared to \$3.2 million and \$7.0 million during the three and six months ended June 30, 2014. Such expense is included in general and administrative expenses in the Consolidated Condensed Statements of Operations. As of June 30, 2015, there was \$15.8 million of unrecognized compensation cost related to the unvested awards which, absent significant forfeitures in the future, is expected to be recognized over a weighted average period of approximately 1.6 years.

A summary of restricted stock unit awards activity for the six months ended June 30, 2015 is as follows:

|                                                     | Number<br>of Shares | Weighted<br>Average<br>Grant<br>Date<br>Fair<br>Value | Aggregate<br>Intrinsic<br>Value<br>(in<br>thousands) |
|-----------------------------------------------------|---------------------|-------------------------------------------------------|------------------------------------------------------|
| Granted and Unvested - January 1, 2015              | 1,056,597           | \$ 26.54                                              | \$ 25,432                                            |
| Activity during the six months ended June 30, 2015: |                     |                                                       |                                                      |
| Vested                                              | (365,940)           | \$ 27.18                                              | \$ 7,896                                             |
| Granted                                             | 321,500             | \$ 23.07                                              | \$ 6,938                                             |
| Forfeited                                           | (1,560)             | \$ 28.59                                              | \$ —                                                 |
| Total Granted and Unvested - June 30, 2015          | 1,010,597           | \$ 26.70                                              | \$ 21,809                                            |
| Approved for grant                                  | 709,500             | \$ (a)                                                | \$ 15,311                                            |
| Total Awarded and Unvested - June 30, 2015          | 1,720,097           | \$ n.a.                                               | \$ 37,120                                            |

(a)

Grant date fair value cannot be determined currently because the related performance targets for future years have not yet been established by the Compensation Committee.

The outstanding unvested awards at June 30, 2015 are scheduled to vest as follows, subject where applicable to the achievement of performance targets. As described above, certain performance targets are not yet established.

| Vesting Date | Number<br>of Awards |
|--------------|---------------------|
| 2015         | 5,000               |
| 2016         | 302,500             |
| 2017         | 957,597             |
| 2018         | 296,000             |
| 2019         | 159,000             |
|              | 1,720,097           |

35,000 of the unvested restricted stock unit awards will vest based on the satisfaction of service requirements and 1,685,097 of the unvested restricted stock unit awards will vest based on the satisfaction of both service requirements and the achievement of performance targets.

#### Stock Options

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. The grant date fair values of these awards are determined based on the Black-Scholes option price model on either the award date (if subject only to service conditions) or the date that the Compensation Committee establishes the applicable performance target (if subject to performance conditions). The related compensation expense is amortized

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over the applicable requisite service period. The exercise price of the options is equal to the closing price of the Company's common stock on the date the awards were approved by the Compensation Committee, and the awards expire ten years from the award date. As of June 30, 2015, the Compensation Committee has approved the award of an aggregate of 3,385,465 stock options to eligible participants.

During the six months ended June 30, 2015, the Compensation Committee established certain performance targets for 259,000 stock options awarded in 2015, 2014, 2013, and 2012. The stock option awards granted during the first half of 2015 had a weighted average grant date fair value of \$12.48.

During the six months ended June 30, 2014, the Compensation Committee established certain performance targets for 714,000 stock options awarded in 2014, 2013 and 2012. The stock option awards granted during the first half of 2014 had a weighted average grant date fair value of \$17.69.

For the three and six months ended June 30, 2015, the Company recognized compensation expense related to stock option awards of \$1.1 million and \$4.7 million, respectively, as compared to \$1.3 million and \$2.9 million for the three and six months ended June 30, 2014, respectively. Such expenses are included in general and administrative expenses in the Consolidated Statements of Operations. As of June 30, 2015, there was \$5.1 million of unrecognized compensation expense related to the outstanding options, which, absent significant forfeitures in the future, is expected to be recognized over a weighted average period of approximately 1.2 years.

A summary of stock option activity for the six months ended June 30, 2015 is as follows:

|                                                     | Number    | Weighted Average<br>Grant<br>Date<br>Fair<br>Value | Exercise<br>Price |
|-----------------------------------------------------|-----------|----------------------------------------------------|-------------------|
| Granted and Outstanding - January 1, 2015           | 1,989,000 | \$ 12.75                                           | \$ 19.63          |
| Activity during the six months ended June 30, 2015: |           |                                                    |                   |
| Granted                                             | 259,000   | \$ 12.48                                           | \$ 16.07          |
| Exercised                                           | —         | \$ —                                               | \$ —              |
| Forfeited                                           | —         | \$ —                                               | \$ —              |
| Total Granted and Outstanding - June 30, 2015       | 2,248,000 | \$ 11.93                                           | \$ 19.22          |

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|                                               |           |        |          |
|-----------------------------------------------|-----------|--------|----------|
| Approved for grant                            | 677,000   | \$ (a) | \$ 20.82 |
| Total Awarded and Outstanding - June 30, 2015 | 2,925,000 | \$ n/a | \$ 19.59 |

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- (a) Grant date fair value cannot be determined currently because the related performance targets for future years have not yet been established by the Compensation Committee.

There were 1,485,000 stock options that have vested and were exercisable at June 30, 2015 at a weighted average exercise price of \$19.57 per share.

Of the remaining stock options outstanding, approximately 15,000 stock options will vest based on the satisfaction of service requirements and 1,425,000 stock options will vest based on the satisfaction of both service requirements and the achievement of performance targets.

At June 30, 2015, the outstanding stock options of 2,248,000 had an intrinsic value of \$8.4 million and a weighted average remaining contractual life of 5.7 years.

No stock options were granted during the second quarter of 2015. The following table details the key assumptions used in estimating the grant date fair values of stock option awards granted during the first quarter of 2015 based on the Black Scholes option pricing model using the following key assumptions:

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|                                          |         |         |         |
|------------------------------------------|---------|---------|---------|
| Awarded during                           | 2015    | 2013    | 2012    |
| Number of options                        | 100,000 | 9,000   | 150,000 |
| Risk-free interest rate                  | 1.46 %  | 1.77 %  | 1.15 %  |
| Expected life of options (years)         | 5.50    | 5.68    | 4.06    |
| Expected volatility of underlying stock  | 45.11 % | 43.92 % | 45.92 % |
| Expected quarterly dividends (per share) | \$ —    | \$ —    | \$ —    |

## (10) Financial Commitments

## Amended Credit Agreement

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 (“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 \$235.0 million at June 30, 2015. The Company was in compliance with the financial covenants under the Credit Facility for the period ended June 30, 2015.

The Company had \$185.0 million of outstanding borrowings under its Revolving Facility as of June 30, 2015 and \$130.0 million as of December 31, 2014. 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 \$0.2 million as of June 30, 2015 and \$1.0 million as of December 31, 2014. Accordingly, at June 30, 2015, the Company had \$114.8 million available to borrow under the Revolving Facility.

#### (11) Earnings per Common Share

Basic earnings per common share were computed by dividing net income by the weighted average number of common shares outstanding. Diluted earnings 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. The computation of diluted earnings per common share for the three and six months ended June 30, 2015 excluded the antidilutive effect of 120,097 and 65,049 antidilutive restricted stock awards. The computation of diluted earnings per common share for the three and six months ended June 30, 2015 excluded the antidilutive effect of 628,000 and 573,500 stock options.

#### (12) Business Segments

The Company's chief operating decision maker is the Chairman and Chief Executive Officer, who decides how to allocate resources and assess performance of the business segments. Generally, the Company evaluates performance of its operating segments on the basis of income from construction operations and cash flow.

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The following table sets forth certain reportable segment information relating to the Company's operation for the three and six months ended June 30, 2015 and 2014 (in thousands):

| (in thousands)<br>Three Months Ended June 30,<br>2015 | Reportable Segments |             |                          | Totals       | Corporate      | Consolidated<br>Total |
|-------------------------------------------------------|---------------------|-------------|--------------------------|--------------|----------------|-----------------------|
|                                                       | Civil               | Building    | Specialty<br>Contractors |              |                |                       |
| Total revenues                                        | \$ 573,360          | \$ 472,247  | \$ 326,798               | \$ 1,372,405 | \$ —           | \$ 1,372,405          |
| Elimination of intersegment<br>revenues               | (39,180)            | (20,843)    | 56                       | (59,967)     | —              | (59,967)              |
| Revenues from external<br>customers                   | \$ 534,180          | \$ 451,404  | \$ 326,854               | \$ 1,312,438 | \$ —           | \$ 1,312,438          |
| Income from construction<br>operations                | \$ 46,329           | \$ (12,592) | \$ 13,743                | \$ 47,480    | \$ (16,599)(a) | \$ 30,881             |
| Three Months Ended June 30,<br>2014                   |                     |             |                          |              |                |                       |
| Total revenues                                        | \$ 398,123          | \$ 390,353  | \$ 321,959               | \$ 1,110,435 | \$ —           | \$ 1,110,435          |
| Elimination of intersegment<br>revenues               | (7,584)             | (18,341)    | —                        | (25,925)     | —              | (25,925)              |
| Revenues from external<br>customers                   | \$ 390,539          | \$ 372,012  | \$ 321,959               | \$ 1,084,510 | \$ —           | \$ 1,084,510          |
| Income from construction<br>operations                | \$ 58,002           | \$ 7,674    | \$ 12,633                | \$ 78,309    | \$ (12,866)(a) | \$ 65,443             |

| (in thousands)<br>Six Months Ended June 30, 2015 | Reportable Segments |             |                          | Totals       | Corporate      | Consolidated<br>Total |
|--------------------------------------------------|---------------------|-------------|--------------------------|--------------|----------------|-----------------------|
|                                                  | Civil               | Building    | Specialty<br>Contractors |              |                |                       |
| Total revenues                                   | \$ 966,236          | \$ 888,309  | \$ 619,816               | \$ 2,474,361 | \$ —           | \$ 2,474,361          |
| Elimination of intersegment<br>revenues          | (57,382)            | (38,076)    | —                        | (95,458)     | —              | (95,458)              |
| Revenues from external<br>customers              | \$ 908,854          | \$ 850,233  | \$ 619,816               | \$ 2,378,903 | \$ —           | \$ 2,378,903          |
| Income from construction<br>operations           | \$ 76,923           | \$ (14,870) | \$ 24,267                | \$ 86,320    | \$ (35,355)(a) | \$ 50,965             |

Six Months Ended June 30, 2014

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|                                      |            |            |            |              |                |              |
|--------------------------------------|------------|------------|------------|--------------|----------------|--------------|
| Total revenues                       | \$ 774,515 | \$ 701,668 | \$ 614,104 | \$ 2,090,287 | \$ —           | \$ 2,090,287 |
| Elimination of intersegment revenues | (18,820)   | (31,724)   | —          | (50,544)     | —              | (50,544)     |
| Revenues from external customers     | \$ 755,695 | \$ 669,944 | \$ 614,104 | \$ 2,039,743 | \$ —           | \$ 2,039,743 |
| Income from construction operations  | \$ 102,347 | \$ 9,497   | \$ 20,450  | \$ 132,294   | \$ (25,354)(a) | \$ 106,940   |

(a) Consists primarily of corporate general and administrative expenses.

The following table sets forth certain reportable segment information relating to the Company's total assets as of June 30, 2015 and December 31, 2014 (in thousands):

|                       | June 30,<br>2015 | December<br>31, 2014 |
|-----------------------|------------------|----------------------|
| (in thousands)        |                  |                      |
| Building              | \$ 671,060       | \$ 680,933           |
| Civil                 | 1,934,040        | 1,814,170            |
| Specialty Contractors | 863,831          | 775,162              |
| Totals                | \$ 3,468,931     | \$ 3,270,265         |
| Corporate (a)         | 474,705          | 503,050              |
| Consolidated Total    | \$ 3,943,636     | \$ 3,773,315         |

(a) Consists principally of Cash and Cash Equivalents and corporate transportation equipment.

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## (13) Employee Pension Plans

The Company has a defined benefit pension plan and an unfunded supplemental retirement plan. Effective September 1, 2004, all benefit accruals under the Company's pension plan were frozen; however, the current vested benefit was preserved. The pension disclosure presented below includes aggregated amounts for both of the Company's plans.

The following table sets forth the net periodic benefit cost by component for the three and six months ended June 30, 2015 and 2014:

|                                | Three Months Ended<br>June 30, |          | Six Months Ended<br>June 30, |          |
|--------------------------------|--------------------------------|----------|------------------------------|----------|
|                                | 2015                           | 2014     | 2015                         | 2014     |
|                                | (in thousands)                 |          | (in thousands)               |          |
| Interest cost                  | \$ 1,011                       | \$ 1,030 | \$ 2,022                     | \$ 2,060 |
| Expected return on plan assets | (1,256)                        | (1,192)  | (2,512)                      | (2,384)  |
| Amortization of net loss       | 1,460                          | 1,077    | 2,920                        | 2,154    |
| Net periodic benefit cost      | \$ 1,215                       | \$ 915   | \$ 2,430                     | \$ 1,830 |

The Company contributed \$1.4 million and \$1.5 million to its defined benefit pension plan during the six months ended June 30, 2015 and 2014, respectively. The Company expects to contribute an additional \$1.3 million to its defined benefit pension plan during the remainder of fiscal year 2015.

## (14) Related Party Transactions

The Company leases certain facilities from Ronald N. Tutor, the Company's Chairman and Chief Executive Officer, and an affiliate owned by Mr. Tutor under non-cancelable operating lease agreements. On April 18, 2014, the Company and Ronald N. Tutor entered into two separate lease agreements, replacing the former leases which terminated on May 31, 2014. Each of the new leases is effective June 1, 2014 with new monthly payments of an aggregate of \$0.2 million, and an increase at the rate of the greater of 3% per annum or the Consumer Price Index

(“CPI”) for the Los Angeles metropolitan area beginning on June 1, 2015. Both new leases provide for purchase/sell options of the facilities at fair market value beginning on June 1, 2021 and June 1, 2025. Also under both leases, the fair market value is to be agreed upon by both parties, or determined by a consensus of independent qualified appraisers. Lease expense for these new leases and the former leases until date of termination, recorded on a straight-line basis, was \$0.8 million and \$1.6 million for three and six months ended June 30, 2015, respectively. Lease expense for these new leases and the former leases until date of termination, recorded on a straight-line basis, was \$0.6 million and \$1.3 million for three and six months ended June 30, 2014, respectively.

Raymond R. Oneglia, who is the Vice Chairman of O&G Industries, Inc. (“O&G”), is a director of the Company. Currently the Company has a 30% interest in a joint venture with O&G as the sponsor involving a highway construction project for the State of Connecticut, with an estimated total contract value of approximately \$362 million, scheduled for completion in 2016. Under this arrangement, O&G provides project-related equipment and services directly to the customer (on customary trade terms). In accordance with the joint venture agreement, payments to O&G for equipment and services for the three and six months ended June 30, 2015 were \$3.2 million and \$5.2 million, respectively. Payments to O&G for equipment and services for the three and six months ended June 30, 2014 were \$1.9 million and \$3.4 million, respectively. O&G’s cumulative holdings of the Company’s stock were 500,000 shares at both June 30, 2015 and June 30, 2014, or 1.02% and 1.03%, respectively, of total common shares outstanding.

(15) Separate Financial Information of Subsidiary Guarantors of Indebtedness

The Company’s obligation to pay principal and interest on its 7.625% senior unsecured notes due November 1, 2018, is guaranteed on a joint and several basis by substantially all of the Company’s existing and future subsidiaries that guarantee obligations under the Company’s Sixth Amended Credit Agreement (the “Guarantors”). The guarantees are full and unconditional and the Guarantors are 100%-owned by the Company.

The following supplemental condensed consolidating financial information reflects the summarized financial information of the Company as the issuer of the senior unsecured notes, the Guarantors and the Company’s non-guarantor subsidiaries on a combined basis.

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## CONDENSED CONSOLIDATING BALANCE SHEET - JUNE 30, 2015

(Unaudited-in thousands)

|                                                    | Tutor Perini<br>Corporation | Guarantor<br>Subsidiaries | Non-<br>Guarantor<br>Subsidiaries | Eliminations   | Total<br>Consolidated |
|----------------------------------------------------|-----------------------------|---------------------------|-----------------------------------|----------------|-----------------------|
| <b>ASSETS</b>                                      |                             |                           |                                   |                |                       |
| Cash and Cash Equivalents                          | \$ 63,130                   | \$ 30,780                 | \$ 13,007                         | \$ —           | \$ 106,917            |
| Restricted Cash                                    | 3,369                       | 4,935                     | 31,189                            | —              | 39,493                |
| Accounts Receivable                                | 432,447                     | 1,180,502                 | 39,656                            | (99,091)       | 1,553,514             |
| Costs and Estimated Earnings in Excess of Billings | 87,446                      | 801,198                   | 152                               | (72,316)       | 816,480               |
| Deferred Income Taxes                              | 2,323                       | 15,629                    | —                                 | —              | 17,952                |
| Other Current Assets                               | 51,069                      | 49,382                    | 38,448                            | (35,656)       | 103,243               |
| Total Current Assets                               | \$ 639,784                  | \$ 2,082,426              | \$ 122,452                        | \$ (207,063)   | \$ 2,637,599          |
| Long-term Investments                              | \$ —                        | \$ —                      | \$ —                              | \$ —           | \$ —                  |
| Property and Equipment, net                        | 108,970                     | 424,659                   | 4,204                             | —              | 537,833               |
| Intercompany Notes and Receivables                 | —                           | 183,867                   | —                                 | (183,867)      | —                     |
| Other Assets:                                      |                             |                           |                                   |                |                       |
| Goodwill                                           | —                           | 585,006                   | —                                 | —              | 585,006               |
| Intangible Assets, net                             | —                           | 98,368                    | —                                 | —              | 98,368                |
| Investment in Subsidiaries                         | 2,144,042                   | 4                         | 50                                | (2,144,096)    | —                     |
| Other                                              | 80,149                      | 10,230                    | —                                 | (5,549)        | 84,830                |
|                                                    | \$ 2,972,945                | \$ 3,384,560              | \$ 126,706                        | \$ (2,540,575) | \$ 3,943,636          |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>        |                             |                           |                                   |                |                       |
| Current Maturities of Long-term Debt               | \$ 40,737                   | \$ 45,364                 | \$ —                              | \$ —           | \$ 86,101             |
| Accounts Payable                                   | 239,992                     | 862,841                   | 917                               | (140,520)      | 963,230               |
| Billings in Excess of Costs and Estimated Earnings | 97,399                      | 176,263                   | 34                                | (10,296)       | 263,400               |
| Accrued Expenses and Other Current Liabilities     | 22,437                      | 100,349                   | 64,390                            | (20,978)       | 166,198               |
| Total Current Liabilities                          | \$ 400,565                  | \$ 1,184,817              | \$ 65,341                         | \$ (171,794)   | \$ 1,478,929          |
| Long-term Debt, less current maturities            | 752,931                     | 94,307                    | —                                 | (40,586)       | 806,652               |
| Deferred Income Taxes                              | 142,279                     | 7,914                     | —                                 | —              | 150,193               |
| Other Long-term Liabilities                        | 111,290                     | 1,994                     | —                                 | —              | 113,284               |
| Intercompany Notes and Advances Payable            | 152,397                     | —                         | 31,470                            | (183,867)      | —                     |

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|                               |              |              |            |                |              |
|-------------------------------|--------------|--------------|------------|----------------|--------------|
| Contingencies and Commitments | —            | —            | —          | —              | —            |
| Stockholders' Equity          | 1,413,483    | 2,095,528    | 29,895     | (2,144,328)    | 1,394,578    |
|                               | \$ 2,972,945 | \$ 3,384,560 | \$ 126,706 | \$ (2,540,575) | \$ 3,943,636 |

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## CONDENSED CONSOLIDATING BALANCE SHEET - DECEMBER 31, 2014

(Unaudited-in thousands)

|                                                    | Tutor Perini<br>Corporation | Guarantor<br>Subsidiaries | Non-<br>Guarantor<br>Subsidiaries | Eliminations   | Total<br>Consolidated |
|----------------------------------------------------|-----------------------------|---------------------------|-----------------------------------|----------------|-----------------------|
| <b>ASSETS</b>                                      |                             |                           |                                   |                |                       |
| Cash and Cash Equivalents                          | \$ 75,087                   | \$ 36,764                 | \$ 23,732                         | \$ —           | \$ 135,583            |
| Restricted Cash                                    | 3,369                       | 5,274                     | 35,727                            | —              | 44,370                |
| Accounts Receivable                                | 299,427                     | 1,246,635                 | 37,064                            | (103,622)      | 1,479,504             |
| Costs and Estimated Earnings in Excess of Billings | 70,344                      | 700,362                   | 152                               | (44,456)       | 726,402               |
| Deferred Income Taxes                              | —                           | 15,639                    | —                                 | 2,323          | 17,962                |
| Other Current Assets                               | 39,196                      | 42,750                    | 24,397                            | (37,608)       | 68,735                |
| Total Current Assets                               | \$ 487,423                  | \$ 2,047,424              | \$ 121,072                        | \$ (183,363)   | \$ 2,472,556          |
| Long-term Investments                              | —                           | —                         | —                                 | —              | —                     |
| Property and Equipment, net                        | 92,413                      | 430,876                   | 4,313                             | —              | 527,602               |
| Intercompany Notes and Receivables                 | —                           | 122,401                   | —                                 | (122,401)      | —                     |
| Other Assets:                                      |                             |                           |                                   |                |                       |
| Goodwill                                           | —                           | 585,006                   | —                                 | —              | 585,006               |
| Intangible Assets, net                             | —                           | 100,254                   | —                                 | —              | 100,254               |
| Investment in Subsidiaries                         | 2,154,562                   | 19,519                    | 50                                | (2,174,131)    | —                     |
| Other                                              | 83,503                      | 9,847                     | —                                 | (5,453)        | 87,897                |
|                                                    | \$ 2,817,901                | \$ 3,315,327              | \$ 125,435                        | \$ (2,485,348) | \$ 3,773,315          |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>        |                             |                           |                                   |                |                       |
| Current Maturities of Long-term Debt               | 34,776                      | 46,516                    | —                                 | —              | 81,292                |
| Accounts Payable                                   | 186,958                     | 716,851                   | 3,749                             | (109,384)      | 798,174               |
| Billings in Excess of Costs and Estimated Earnings | 139,020                     | 185,807                   | 2,672                             | (8,203)        | 319,296               |
| Accrued Expenses and Other Current Liabilities     | 33,018                      | 95,177                    | 58,571                            | (26,952)       | 159,814               |
| Total Current Liabilities                          | \$ 393,772                  | \$ 1,044,351              | \$ 64,992                         | \$ (144,539)   | \$ 1,358,576          |
| Long-term Debt, less current maturities            | 712,460                     | 112,060                   | —                                 | (40,453)       | 784,067               |
| Deferred Income Taxes                              | 142,457                     | 7,914                     | —                                 | —              | 150,371               |
| Other Long-term Liabilities                        | 112,899                     | 1,897                     | —                                 | —              | 114,796               |
| Intercompany Notes and Advances Payable            | 90,373                      | —                         | 35,619                            | (125,992)      | —                     |

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|                               |              |              |            |                |              |
|-------------------------------|--------------|--------------|------------|----------------|--------------|
| Contingencies and Commitments | —            | —            | —          | —              | —            |
| Stockholders' Equity          | 1,365,939    | 2,149,105    | 24,824     | (2,174,363)    | 1,365,505    |
|                               | \$ 2,817,900 | \$ 3,315,327 | \$ 125,435 | \$ (2,485,347) | \$ 3,773,315 |

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## CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS

THREE MONTHS ENDED JUNE 30, 2015

(Unaudited-in thousands)

|                                               | Tutor Perini<br>Corporation | Guarantor<br>Subsidiaries | Non-<br>Guarantor<br>Subsidiaries | Eliminations | Total<br>Consolidated |
|-----------------------------------------------|-----------------------------|---------------------------|-----------------------------------|--------------|-----------------------|
| Revenues                                      | \$ 309,217                  | \$ 1,065,766              | \$ 2,793                          | \$ (65,338)  | \$ 1,312,438          |
| Cost of Operations                            | 265,129                     | 1,014,027                 | —                                 | (65,338)     | 1,213,818             |
| Gross Profit                                  | \$ 44,088                   | \$ 51,739                 | \$ 2,793                          | \$ —         | \$ 98,620             |
| General and Administrative Expenses           | 25,289                      | 41,985                    | 465                               | —            | 67,739                |
| INCOME FROM CONSTRUCTION<br>OPERATIONS        | \$ 18,799                   | \$ 9,754                  | \$ 2,328                          | \$ —         | \$ 30,881             |
| Equity in Earnings of Subsidiaries            | 6,586                       | —                         | —                                 | (6,586)      | —                     |
| Other (Expense) Income, net                   | (466)                       | 431                       | 135                               | —            | 100                   |
| Interest Expense                              | (10,134)                    | (855)                     | —                                 | —            | (10,989)              |
| Income (Loss) before Income Taxes             | 14,785                      | 9,330                     | 2,463                             | (6,586)      | 19,992                |
| Benefit (Provision) for Income Taxes          | (3,008)                     | (4,121)                   | (1,086)                           | —            | (8,215)               |
| NET INCOME (LOSS)                             | \$ 11,777                   | \$ 5,209                  | \$ 1,377                          | \$ (6,586)   | \$ 11,777             |
| Other Comprehensive Income:                   |                             |                           |                                   |              |                       |
| Other Comprehensive Income of<br>Subsidiaries | (1,220)                     | —                         | —                                 | 1,220        | —                     |
| Foreign currency translation                  | —                           | (1,146)                   | —                                 | —            | (1,146)               |
| Change in fair value of investments           | —                           | (74)                      | —                                 | —            | (74)                  |
| Change in fair value of interest rate swap    | 60                          | —                         | —                                 | —            | 60                    |
| Total Other Comprehensive (Loss) Income       | \$ (1,160)                  | \$ (1,220)                | \$ —                              | \$ 1,220     | \$ (1,160)            |
| Total Comprehensive Income (Loss)             | \$ 10,617                   | \$ 3,989                  | \$ 1,377                          | \$ (5,366)   | \$ 10,617             |



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## CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS

THREE MONTHS ENDED JUNE 30, 2014

(Unaudited-in thousands)

|                                            | Tutor Perini<br>Corporation | Guarantor<br>Subsidiaries | Non-<br>Guarantor<br>Subsidiaries | Eliminations | Total<br>Consolidated |
|--------------------------------------------|-----------------------------|---------------------------|-----------------------------------|--------------|-----------------------|
| Revenues                                   | \$ 207,944                  | \$ 918,146                | \$ —                              | \$ (41,580)  | \$ 1,084,510          |
| Cost of Operations                         | 177,877                     | 827,097                   | (8,415)                           | (41,580)     | 954,979               |
| Gross Profit                               | \$ 30,067                   | \$ 91,049                 | \$ 8,415                          | \$ —         | \$ 129,531            |
| General and Administrative Expenses        | 18,985                      | 44,625                    | 478                               | —            | 64,088                |
| INCOME FROM CONSTRUCTION<br>OPERATIONS     | \$ 11,082                   | \$ 46,424                 | \$ 7,937                          | \$ —         | \$ 65,443             |
| Equity in Earnings of Subsidiaries         | 31,748                      | —                         | —                                 | (31,748)     | —                     |
| Other (Expense) Income, net                | (6,684)                     | (418)                     | 128                               | —            | (6,974)               |
| Interest Expense                           | (9,809)                     | (1,048)                   | —                                 | —            | (10,857)              |
| Income (Loss) before Income Taxes          | \$ 26,337                   | \$ 44,958                 | \$ 8,065                          | \$ (31,748)  | \$ 47,612             |
| Benefit (Provision) for Income Taxes       | 2,208                       | (18,062)                  | (3,213)                           | —            | (19,067)              |
| NET INCOME (LOSS)                          | \$ 28,545                   | \$ 26,896                 | \$ 4,852                          | \$ (31,748)  | \$ 28,545             |
| Other Comprehensive Income:                |                             |                           |                                   |              |                       |
| Other Comprehensive Income of Subsidiaries | 340                         | —                         | —                                 | (340)        | —                     |
| Foreign currency translation               | —                           | 347                       | —                                 | —            | 347                   |
| Change in fair value of investments        | —                           | (7)                       | —                                 | —            | (7)                   |
| Change in fair value of interest rate swap | 76                          | —                         | —                                 | —            | 76                    |
| Total Other Comprehensive (Loss) Income    | \$ 416                      | \$ 340                    | \$ —                              | \$ (340)     | \$ 416                |
| Total Comprehensive Income (Loss)          | \$ 28,961                   | \$ 27,236                 | \$ 4,852                          | \$ (32,088)  | \$ 28,961             |



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## CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS

SIX MONTHS ENDED JUNE 30, 2015

(Unaudited-in thousands)

|                                               | Tutor Perini<br>Corporation | Guarantor<br>Subsidiaries | Non-<br>Guarantor<br>Subsidiaries | Eliminations | Total<br>Consolidated |
|-----------------------------------------------|-----------------------------|---------------------------|-----------------------------------|--------------|-----------------------|
| Revenues                                      | \$ 545,509                  | \$ 1,950,869              | \$ 7,084                          | \$ (124,559) | \$ 2,378,903          |
| Cost of Operations                            | 474,962                     | 1,839,121                 | —                                 | (124,559)    | 2,189,524             |
| Gross Profit                                  | \$ 70,547                   | \$ 111,748                | \$ 7,084                          | \$ —         | \$ 189,379            |
| General and Administrative Expenses           | 50,324                      | 87,151                    | 939                               | —            | 138,414               |
| INCOME FROM CONSTRUCTION<br>OPERATIONS        | \$ 20,223                   | \$ 24,597                 | \$ 6,145                          | \$ —         | \$ 50,965             |
| Equity in Earnings of Subsidiaries            | 18,526                      | —                         | —                                 | (18,526)     | —                     |
| Other (Expense) Income, net                   | (2,535)                     | 1,627                     | 253                               | —            | (655)                 |
| Interest Expense                              | (20,397)                    | (1,716)                   | —                                 | —            | (22,113)              |
| Income (loss) before Income Taxes             | 15,817                      | 24,508                    | 6,398                             | (18,526)     | 28,197                |
| Benefit (Provision) for Income Taxes          | 1,086                       | (9,817)                   | (2,563)                           | —            | (11,294)              |
| NET INCOME (LOSS)                             | \$ 16,903                   | \$ 14,691                 | \$ 3,835                          | \$ (18,526)  | \$ 16,903             |
| Other Comprehensive Income:                   |                             |                           |                                   |              |                       |
| Other Comprehensive Income of<br>Subsidiaries | (1,818)                     | —                         | —                                 | 1,818        | —                     |
| Foreign currency translation                  | —                           | (1,734)                   | —                                 | —            | (1,734)               |
| Change in fair value of investments           | —                           | (84)                      | —                                 | —            | (84)                  |
| Change in fair value of interest rate swap    | 105                         | —                         | —                                 | —            | 105                   |
| Total Other Comprehensive (Loss) Income       | (1,713)                     | (1,818)                   | —                                 | 1,818        | (1,713)               |
| Total Comprehensive Income (Loss)             | \$ 15,190                   | \$ 12,873                 | \$ 3,835                          | \$ (16,708)  | \$ 15,190             |



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## CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS

SIX MONTHS ENDED JUNE 30, 2014

(Unaudited-in thousands)

|                                                       | Tutor Perini<br>Corporation | Guarantor<br>Subsidiaries | Non-<br>Guarantor<br>Subsidiaries | Eliminations | Total<br>Consolidated |
|-------------------------------------------------------|-----------------------------|---------------------------|-----------------------------------|--------------|-----------------------|
| Revenues                                              | \$ 434,791                  | \$ 1,681,782              | \$ —                              | \$ (76,830)  | \$ 2,039,743          |
| Cost of Operations                                    | 371,691                     | 1,525,005                 | (15,001)                          | (76,830)     | 1,804,865             |
| Gross Profit                                          | 63,100                      | 156,777                   | 15,001                            | —            | 234,878               |
| General and Administrative Expenses                   | 36,780                      | 90,245                    | 913                               | —            | 127,938               |
| INCOME FROM CONSTRUCTION<br>OPERATIONS                | 26,320                      | 66,532                    | 14,088                            | —            | 106,940               |
| Equity in Earnings of Subsidiaries                    | 47,029                      | —                         | —                                 | (47,029)     | —                     |
| Other (Expense) Income, net                           | (10,779)                    | 184                       | 248                               | —            | (10,347)              |
| Interest Expense                                      | (19,826)                    | (1,862)                   | —                                 | —            | (21,688)              |
| Income (Loss) before Income Taxes                     | 42,744                      | 64,854                    | 14,336                            | (47,029)     | 74,905                |
| Benefit (Provision) for Income Taxes                  | 1,740                       | (26,339)                  | (5,822)                           | —            | (30,421)              |
| NET INCOME (LOSS)                                     | \$ 44,484                   | \$ 38,515                 | \$ 8,514                          | \$ (47,029)  | \$ 44,484             |
| Other Comprehensive Income:                           |                             |                           |                                   |              |                       |
| Other Comprehensive Income of<br>Subsidiaries         | 235                         | —                         | —                                 | (235)        | —                     |
| Change in pension benefit plans<br>assets/liabilities | —                           | —                         | —                                 | —            | —                     |
| Foreign currency translation                          | —                           | 61                        | —                                 | —            | 61                    |
| Change in fair value of investments                   | —                           | 174                       | —                                 | —            | 174                   |
| Change in fair value of interest rate swap            | 157                         | —                         | —                                 | —            | 157                   |
| Total Other Comprehensive (Loss) Income               | 392                         | 235                       | —                                 | (235)        | 392                   |
| Total Comprehensive Income (Loss)                     | \$ 44,876                   | \$ 38,750                 | \$ 8,514                          | \$ (47,264)  | \$ 44,876             |



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## CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS

SIX MONTHS ENDED JUNE 30, 2015

(Unaudited-in thousands)

|                                                                            | Tutor Perini<br>Corporation | Guarantor<br>Subsidiaries | Non-<br>Guarantor<br>Subsidiaries | Eliminations | Total<br>Consolidated |
|----------------------------------------------------------------------------|-----------------------------|---------------------------|-----------------------------------|--------------|-----------------------|
| Cash Flows from Operating Activities:                                      |                             |                           |                                   |              |                       |
| Net income (loss)                                                          | \$ 16,903                   | \$ 14,691                 | \$ 3,835                          | \$ (18,526)  | \$ 16,903             |
| Adjustments to reconcile net income to net cash from operating activities: |                             |                           |                                   |              |                       |
| Depreciation and amortization                                              | 5,964                       | 15,333                    | 137                               | —            | 21,434                |
| Equity in earnings of subsidiaries                                         | (18,526)                    | —                         | —                                 | 18,526       | —                     |
| Stock-based compensation expense                                           | 13,324                      | —                         | —                                 | —            | 13,324                |
| Excess income tax benefit from stock-based compensation                    | (162)                       | —                         | —                                 | —            | (162)                 |
| Adjustment of investments to fair value                                    | —                           | —                         | —                                 | —            | —                     |
| Adjustment interest rate swap to fair value                                | —                           | —                         | —                                 | —            | —                     |
| Deferred income taxes                                                      | (177)                       | —                         | —                                 | —            | (177)                 |
| (Gain) loss on sale of investments                                         | —                           | —                         | —                                 | —            | —                     |
| (Gain) loss on sale of property and equipment                              | 29                          | (342)                     | —                                 | —            | (313)                 |
| Other long-term liabilities                                                | (56)                        | 98                        | —                                 | —            | 42                    |
| Other non-cash items                                                       | 1,881                       | (5,140)                   | —                                 | —            | (3,259)               |
| Changes in other components of working capital                             | (159,846)                   | 96,590                    | (16,294)                          | —            | (79,550)              |
| NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES                           | \$ (140,666)                | \$ 121,230                | \$ (12,322)                       | \$ —         | \$ (31,758)           |
| Cash Flows from Investing Activities:                                      |                             |                           |                                   |              |                       |
| Acquisition of property and equipment excluding financed purchases         | —                           | (29,516)                  | (28)                              | —            | (29,544)              |
| Proceeds from sale of property and equipment                               | (21,505)                    | 22,627                    | —                                 | —            | 1,122                 |
| Proceeds from sale of available-for-sale securities                        | —                           | —                         | —                                 | —            | —                     |
| (Increase) decrease in intercompany advances                               | —                           | (101,660)                 | —                                 | 101,660      | —                     |
| Change in restricted cash                                                  | —                           | 339                       | 4,538                             | —            | 4,877                 |

|                                                             |             |              |            |              |             |
|-------------------------------------------------------------|-------------|--------------|------------|--------------|-------------|
| NET CASH PROVIDED (USED) BY<br>INVESTING ACTIVITIES         | \$ (21,505) | \$ (108,210) | \$ 4,510   | \$ 101,660   | \$ (23,545) |
| Cash Flows from Financing Activities:                       |             |              |            |              |             |
| Proceeds from debt                                          | 473,362     | 128          | —          | —            | 473,490     |
| Repayment of debt                                           | (427,107)   | (19,132)     | —          | —            | (446,239)   |
| Business acquisition-related payments                       | —           | —            | —          | —            | —           |
| Excess income tax benefit from stock-based<br>compensation  | 162         | —            | —          | —            | 162         |
| Issuance of common stock and effect of<br>cashless exercise | (776)       | —            | —          | —            | (776)       |
| Debt Issuance Costs                                         | —           | —            | —          | —            | —           |
| Increase (decrease) in intercompany<br>advances             | 104,573     | —            | (2,913)    | (101,660)    | —           |
| NET CASH (USED) PROVIDED BY<br>FINANCING ACTIVITIES         | \$ 150,214  | \$ (19,004)  | \$ (2,913) | \$ (101,660) | \$ 26,637   |
| Net (Decrease) Increase in Cash and Cash<br>Equivalents     | (11,957)    | (5,984)      | (10,725)   | —            | (28,666)    |
| Cash and Cash Equivalents at Beginning of<br>Year           | 75,087      | 36,764       | 23,732     | —            | 135,583     |
| Cash and Cash Equivalents at End of Period                  | \$ 63,130   | \$ 30,780    | \$ 13,007  | \$ —         | \$ 106,917  |

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## CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS

SIX MONTHS ENDED JUNE 30, 2014

(Unaudited-in thousands)

|                                                                               | Tutor Perini<br>Corporation | Guarantor<br>Subsidiaries | Non-<br>Guarantor<br>Subsidiaries | Eliminations | Total<br>Consolidated |
|-------------------------------------------------------------------------------|-----------------------------|---------------------------|-----------------------------------|--------------|-----------------------|
| Cash Flows from Operating Activities:                                         |                             |                           |                                   |              |                       |
| Net income (loss)                                                             | \$ 44,484                   | \$ 38,515                 | \$ 8,514                          | \$ (47,029)  | \$ 44,484             |
| Adjustments to reconcile net income to net<br>cash from operating activities: |                             |                           |                                   |              |                       |
| Depreciation and amortization                                                 | 4,866                       | 25,077                    | 135                               | —            | 30,078                |
| Equity in earnings of subsidiaries                                            | (47,029)                    | —                         | —                                 | 47,029       | —                     |
| Stock-based compensation expense                                              | 9,920                       | —                         | —                                 | —            | 9,920                 |
| Deferred income taxes                                                         | 4,672                       | (4,736)                   | —                                 | —            | (64)                  |
| (Gain) loss on sale of investments                                            | 1,786                       | —                         | —                                 | —            | 1,786                 |
| (Gain) loss on sale of property and<br>equipment                              | —                           | 427                       | —                                 | —            | 427                   |
| Other long-term liabilities                                                   | 6,624                       | (1,065)                   | —                                 | —            | 5,559                 |
| Other non-cash items                                                          | (3,620)                     | 5,182                     | —                                 | —            | 1,562                 |
| Changes in other components of working<br>capital                             | (53,928)                    | (104,577)                 | 3,318                             | —            | (155,187)             |
| NET CASH PROVIDED (USED) BY<br>OPERATING ACTIVITIES                           | \$ (32,225)                 | \$ (41,177)               | \$ 11,967                         | \$ —         | \$ (61,435)           |
| Cash Flows from Investing Activities:                                         |                             |                           |                                   |              |                       |
| Acquisition of property and equipment                                         | (16,715)                    | (10,015)                  | —                                 | —            | (26,730)              |
| Proceeds from sale of property and<br>equipment                               | —                           | 1,906                     | —                                 | —            | 1,906                 |
| Proceeds from sale of available-for-sale<br>securities                        | 44,497                      | —                         | —                                 | —            | 44,497                |
| Change in restricted cash                                                     | 15,465                      | (10)                      | (15,488)                          | —            | (33)                  |
| NET CASH PROVIDED (USED) BY<br>INVESTING ACTIVITIES                           | \$ 43,247                   | \$ (8,119)                | \$ (15,488)                       | \$ —         | \$ 19,640             |
| Cash Flows from Financing Activities:                                         |                             |                           |                                   |              |                       |
| Proceeds from debt                                                            | 685,079                     | 32,405                    | —                                 | —            | 717,484               |
| Repayment of debt                                                             | (604,773)                   | (44,509)                  | —                                 | —            | (649,282)             |
| Business acquisition related payments                                         | (1,226)                     | (34)                      | —                                 | —            | (1,260)               |

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|                                                          |             |           |            |      |            |
|----------------------------------------------------------|-------------|-----------|------------|------|------------|
| Issuance of common stock and effect of cashless exercise | (1,531)     | —         | —          | —    | (1,531)    |
| Debt issuance costs                                      | —           | (3,681)   | —          | —    | (3,681)    |
| Increase (decrease) in intercompany advances             | (96,181)    | 97,506    | (1,325)    | —    | —          |
| NET CASH (USED) PROVIDED BY FINANCING ACTIVITIES         | \$ (18,632) | \$ 81,687 | \$ (1,325) | \$ — | \$ 61,730  |
| Net Increase (Decrease) in Cash and Cash Equivalents     | (7,610)     | 32,391    | (4,846)    | —    | 19,935     |
| Cash and Cash Equivalents at Beginning of Year           | 88,995      | 18,031    | 12,897     | —    | 119,923    |
| Cash and Cash Equivalents at End of Period               | \$ 81,385   | \$ 50,422 | \$ 8,051   | \$ — | \$ 139,858 |

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discusses our financial position at June 30, 2015 and the results of our operations for the three and six months ended June 30, 2015 and should be read in conjunction with: (1) the unaudited consolidated condensed financial statements and notes contained herein, and (2) the audited consolidated financial statements and accompanying notes to our Annual Report on Form 10-K for the fiscal year ended December 31, 2014.

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 and wastewater treatment facilities, primarily in the western, midwestern, northeastern, and mid-Atlantic regions of the 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 and commercial offices, sports and entertainment, educational, correctional facilities, biotech, pharmaceutical and high-tech markets. Our Specialty Contractors segment specializes in plumbing, HVAC, electrical, mechanical, and pneumatically placed concrete for a full range of civil 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, mechanical, plumbing, and HVAC. We provide these services by using traditional general contracting arrangements, such as fixed price, guaranteed maximum price and cost plus fee contracts and, to a lesser extent, construction management or design-build contracting arrangements. We occasionally enter into joint venture arrangements with other contractors 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 continue to strategically focus on growing our business by pursuing and obtaining higher-margin public works projects and building projects on an opportunistic basis. In addition, we

continue to leverage our unique, substantial self-performance and schedule control capabilities to obtain additional large-scale civil and building awards. We have capitalized on this leadership position and these synergies with various recent significant new awards and pending awards (see Backlog Analysis on page 34).

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The following tables set forth our consolidated condensed statement of operations:

|                                     | Consolidated Results of Operations |              |               |                  |              |               |
|-------------------------------------|------------------------------------|--------------|---------------|------------------|--------------|---------------|
|                                     | Three Months Ended                 |              | % Change      | Six Months Ended |              | % Change      |
|                                     | June 30,                           |              | Favorable     | June 30,         |              | Favorable     |
|                                     | 2015                               | 2014         | (Unfavorable) | 2015             | 2014         | (Unfavorable) |
|                                     | (In thousands)                     |              | 2015 vs 2014  | (In thousands)   |              | 2015 vs 2014  |
| Revenues                            | \$ 1,312,438                       | \$ 1,084,510 | 21.0%         | \$ 2,378,903     | \$ 2,039,743 | 16.6%         |
| Cost of operations                  | 1,213,818                          | 954,979      | (27.1)%       | 2,189,524        | 1,804,865    | (21.3)%       |
| Gross profit                        | 98,620                             | 129,531      | (23.9)%       | 189,379          | 234,878      | (19.4)%       |
| General and administrative expenses | 67,739                             | 64,088       | (5.7)%        | 138,414          | 127,938      | (8.2)%        |
| Income from construction operations | 30,881                             | 65,443       | (52.8)%       | 50,965           | 106,940      | (52.3)%       |
| Other income (expense), net         | 100                                | (6,974)      | 101.4%        | (655)            | (10,347)     | 93.7%         |
| Interest expense                    | (10,989)                           | (10,857)     | (1.2)%        | (22,113)         | (21,688)     | (2.0)%        |
| Income before income taxes          | 19,992                             | 47,612       | (58.0)%       | 28,197           | 74,905       | (62.4)%       |
| Provision for income taxes          | (8,215)                            | (19,067)     | 56.9%         | (11,294)         | (30,421)     | 62.9%         |
| Net income (loss)                   | \$ 11,777                          | \$ 28,545    | (58.7)%       | \$ 16,903        | \$ 44,484    | (62.0)%       |

|                                      | Consolidated Results of Operations |        |                               |        |
|--------------------------------------|------------------------------------|--------|-------------------------------|--------|
|                                      | Three Months                       |        | Six Months                    |        |
|                                      | Ended June 30,                     |        | Ended June 30,                |        |
|                                      | 2015                               | 2014   | 2015                          | 2014   |
|                                      | (As a percentage of Revenues)      |        | (As a percentage of Revenues) |        |
| Revenues                             | 100.0%                             | 100.0% | 100.0%                        | 100.0% |
| Cost of operations                   | 92.5%                              | 88.1%  | 92.0%                         | 88.5%  |
| Gross profit                         | 7.5%                               | 11.9%  | 8.0%                          | 11.5%  |
| General and administrative expenses  | 5.2%                               | 5.9%   | 5.8%                          | 6.3%   |
| Income from construction operations  | 2.4%                               | 6.0%   | 2.1%                          | 5.2%   |
| Other income (expense), net          | 0.0%                               | (0.6)% | (0.0)%                        | (0.5)% |
| Interest expense                     | (0.8)%                             | (1.0)% | (0.9)%                        | (1.1)% |
| Income (loss) before income taxes    | 1.5%                               | 4.4%   | 1.2%                          | 3.6%   |
| (Provision) benefit for income taxes | (0.6)%                             | (1.8)% | (0.5)%                        | (1.5)% |
| Net income (loss)                    | 0.9%                               | 2.6%   | 0.7%                          | 2.1%   |

Revenues were \$1,312.4 million and \$2,378.9 million for the three and six months ended June 30, 2015 compared to \$1,084.5 million and \$2,039.7 million for the same periods in 2014. Income from construction operations was \$30.9 million and \$51.0 million for the three and six months ended June 30, 2015 compared to \$65.4 million and \$106.9 million for the same periods in 2014. Net income for the three and six months ended June 30, 2015 was \$11.8 million and \$16.9 million compared to \$28.5 million and \$44.5 million for the same periods in 2014. Basic and diluted earnings per share ("EPS") were both \$0.24 for the three months ended June 30, 2015, compared to basic and diluted EPS of \$0.59 and \$0.58 for the same period in 2014. Basic and diluted EPS were \$0.35 and \$0.34 for the six months ended June 30, 2015, compared to basic and diluted EPS of \$0.92 and \$0.91 for the same period in 2014.

Revenues increased approximately \$227.9 million, or 21.0%, and \$339.2 million, or 16.6%, during the three and six months ended June 30, 2015 compared to the same periods in 2014. The increase was due primarily to increased activity on a runway reconstruction project in New York, various bridge projects in the Midwest, mass-transit projects in New York and California, various building projects in California, and hospitality and gaming projects in Mississippi and California. The increase was partially offset by decreased activity on various smaller electrical projects in the southern U.S. and certain tunnel projects on the West Coast.

The decrease in net income for the three and six months ended June 30, 2015 compared to the same periods in 2014, was due primarily to a combination of net favorable adjustments to the estimated recoveries on two Civil projects in the second quarter of 2014 and an unfavorable adjustment in the second quarter of 2015 to the estimated cost to complete for an office building project on the East Coast. To a lesser extent, the decrease was also due to the decreased activity on certain tunnel projects on the West Coast and certain higher-margin projects.

At June 30, 2015, working capital was \$1,158.7 million, an increase of \$44.7 million from \$1,114.0 million at December 31, 2014.

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## Backlog Analysis

Our backlog of uncompleted construction work at June 30, 2015 was approximately \$7.7 billion compared to \$7.8 billion at December 31, 2014. During the first six months of 2015, we booked various new awards and adjustments to existing contracts into backlog across each of our business segments. Significant new awards and adjustments included \$455 million of initial funding for a technology research and development facility project and \$72 million of incremental funding for a biotechnology facility project in California; a \$239 million hospitality building project, a \$117 million mixed-use building project, and a \$58 million highway improvement project in Pennsylvania; three electrical projects totaling \$97 million and a \$56 million tunnel project in New York; and a \$50 million educational building project in Mississippi.

In addition to our existing backlog, we continue to have a significant volume of pending contract awards, including up to \$2.3 billion in various future phases of the Hudson Yards project, approximately \$1.0 billion for five building projects in California, and approximately \$1.0 billion in various other contracts. We anticipate booking many of these and other pending awards into backlog over the next several quarters. 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.

The following table provides an analysis of our backlog by business segment for June 30, 2015:

|                       | Backlog<br>at<br>December<br>31, 2014<br>(in millions) | New<br>Business<br>Awarded<br>(a) | Revenues<br>Recognized | Backlog<br>at<br>June 30,<br>2015 |
|-----------------------|--------------------------------------------------------|-----------------------------------|------------------------|-----------------------------------|
| Civil                 | \$ 3,563.2                                             | \$ 474.3                          | \$ (908.9)             | \$ 3,128.6                        |
| Building              | 2,187.8                                                | 1,145.6                           | (850.2)                | 2,483.2                           |
| Specialty Contractors | 2,080.7                                                | 676.8                             | (619.8)                | 2,137.7                           |
| Total                 | \$ 7,831.7                                             | \$ 2,296.7                        | \$ (2,378.9)           | \$ 7,749.5                        |

(a) 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 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, included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2014. Our critical accounting policies are also identified and discussed in Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations of our Annual Report on Form 10-K for the fiscal year ended December 31, 2014.

## Recently Issued Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update (“ASU”) 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. In July 2015, FASB delayed the effective date by one year and is effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period, using one of two retrospective application methods. Early application would be permitted only as of annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period. 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.

In February 2015, the FASB issued ASU No. 2015-02, Consolidation (Topic 810). The goal of this ASU is to reduce the potentially distortive impact on reporting entities’ consolidated financial statements resulting from the consolidation of certain legal entities, including joint ventures and variable interest entities. This ASU is effective for fiscal years, and interim periods within those years,

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beginning after December 15, 2015. The adoption of this guidance is not expected to have a material impact on the Company's financial statements.

In April 2015, the FASB issued ASU 2015-03, Interest – Imputation of Interest (Subtopic 835-30). This ASU requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. This ASU is effective for fiscal years, and interim periods within those years, beginning after December 15, 2015. The adoption of this ASU is not expected to have a material impact on the Company's financial statements.

### Use of and changes in estimates

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. Management focuses on evaluating the performance of contracts individually. These estimates 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. 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.

During the three months ended June 30, 2015, the Company's results of operations were negatively impacted because of an unfavorable change in the estimated cost to complete for a certain Building segment project. This change in estimate resulted in a \$14.7 million decrease in income from construction operations, an \$8.7 million decrease in net income, and a \$0.17 decrease in diluted EPS during the three months ended June 30, 2015.

During the three months ended June 30, 2014, the Company's results of operations were positively impacted by a net \$14.8 million because of changes in the estimated cost recovery on two Civil segment projects based on certain legal rulings issued during the period. One project had a favorable ruling, resulting in a \$24.2 million increase, and the second project had an unfavorable ruling, resulting in a \$9.4 million decrease. Together, these changes in estimates resulted in a \$14.8 million increase in income from construction operations, an \$8.8 million increase in net income, and an \$0.18 increase in diluted EPS during the three and six months ended June 30, 2014.

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

### Results of Operations

Comparison of the Three and Six Months Ended June 30, 2015 with the Three and Six Months Ended June 30, 2014

## Revenues

The following table summarizes our revenues by business segment with the prior year.

|                       |            | Revenues for the<br>Three Months Ended<br>June 30, |          |        |  |
|-----------------------|------------|----------------------------------------------------|----------|--------|--|
|                       |            |                                                    | \$       | %      |  |
| (dollars in millions) | 2015       | 2014                                               | Change   | Change |  |
| Civil                 | \$ 534.2   | \$ 390.5                                           | \$ 143.7 | 36.8 % |  |
| Building              | 451.4      | 372.0                                              | 79.4     | 21.3 % |  |
| Specialty Contractors | 326.8      | 322.0                                              | 4.8      | 1.5 %  |  |
| Total                 | \$ 1,312.4 | \$ 1,084.5                                         | \$ 227.9 | 21.0 % |  |

|                       |            | Revenues for the<br>Six Months Ended<br>June 30, |          |        |  |
|-----------------------|------------|--------------------------------------------------|----------|--------|--|
|                       |            |                                                  | \$       | %      |  |
| (dollars in millions) | 2015       | 2014                                             | Change   | Change |  |
| Civil                 | \$ 908.9   | \$ 755.7                                         | \$ 153.2 | 20.3 % |  |
| Building              | 850.2      | 669.9                                            | 180.3    | 26.9 % |  |
| Specialty Contractors | 619.8      | 614.1                                            | 5.7      | 0.9 %  |  |
| Total                 | \$ 2,378.9 | \$ 2,039.7                                       | \$ 339.2 | 16.6 % |  |

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Civil Segment

Civil segment revenues increased \$143.7 million, or 36.8%, and 153.2 million, or 20.3%, for the three and six months ended June 30, 2015 compared to the same periods in 2014. The increase was due primarily to increased activity on a runway reconstruction project in New York, various bridge projects in the Midwest, and mass-transit projects in New York and California. The increase was partially offset by decreased activity on certain tunnel projects on the West Coast and on certain higher-margin projects.

Building Segment

Building segment revenues increased \$79.4 million, or 21.3%, and \$180.3 million, or 26.9%, for the three and six months ended June 30, 2015 compared to the same periods in 2014. The increase was due primarily to increased activity on various building projects in California, and hospitality and gaming projects in Mississippi and California. The increase was partially offset by decreased activity due to a multi-unit residential project in Pennsylvania that completed last year.

Specialty Contractors Segment

Specialty Contractors segment revenues increased \$4.8 million, or 1.5%, and \$5.7 million, or 0.9%, for the three and six months ended June 30, 2015 compared to the same periods in 2014. The increase was due primarily to increased activity on mass-transit and other electrical and mechanical projects in New York (including at Hudson Yards). The increase was partially offset by decreased activity on various smaller electrical projects in the southern U.S., electrical projects at the World Trade Center and mechanical projects at the United Nations in New York, and two signal system modernization projects in New York.

Income from Construction Operations

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

|                                     |  | Income from Construction Operations<br>and Operating Margins |         |         |         |           |           |        |         |
|-------------------------------------|--|--------------------------------------------------------------|---------|---------|---------|-----------|-----------|--------|---------|
|                                     |  | Three Months Ended June 30,                                  |         |         |         | Change in |           |        |         |
|                                     |  | 2015                                                         |         | 2014    |         | Amount    |           | Margin |         |
| (dollars in millions)               |  | Amount                                                       | Margin  | Amount  | Margin  | \$        | %         |        | %       |
| Civil                               |  | \$ 46.3                                                      | 8.7 %   | \$ 58.0 | 14.8 %  | \$ (11.7) | (20.2) %  |        | (6.1) % |
| Building                            |  | (12.5)                                                       | (2.8) % | 7.7     | 2.0 %   | (20.2)    | (262.3) % |        | (4.8) % |
| Specialty Contractors               |  | 13.7                                                         | 4.2 %   | 12.6    | 3.9 %   | 1.1       | 8.7 %     |        | 0.3 %   |
|                                     |  | 47.5                                                         | 3.6 %   | 78.3    | 7.2 %   | (30.8)    | (39.3) %  |        | (3.6) % |
| Corporate                           |  | (16.6)                                                       | (1.2) % | (12.9)  | (1.2) % | (3.7)     | (28.7) %  |        | — %     |
| Income from construction operations |  | \$ 30.9                                                      | 2.4 %   | \$ 65.4 | 6.0 %   | \$ (34.5) | (52.8) %  |        | (3.6) % |

|                                     |  | Income from Construction Operations<br>and Operating Margins |         |          |         |           |           |        |         |
|-------------------------------------|--|--------------------------------------------------------------|---------|----------|---------|-----------|-----------|--------|---------|
|                                     |  | Six Months Ended June 30,                                    |         |          |         | Change in |           |        |         |
|                                     |  | 2015                                                         |         | 2014     |         | Amount    |           | Margin |         |
| (dollars in millions)               |  | Amount                                                       | Margin  | Amount   | Margin  | \$        | %         |        | %       |
| Civil                               |  | \$ 76.9                                                      | 8.5 %   | \$ 102.3 | 13.5 %  | \$ (25.4) | (24.8) %  |        | (5.0) % |
| Building                            |  | (14.9)                                                       | (1.8) % | 9.5      | 1.4 %   | (24.4)    | (256.8) % |        | (3.2) % |
| Specialty Contractors               |  | 24.3                                                         | 3.9 %   | 20.5     | 3.3 %   | 3.8       | 18.5 %    |        | 0.6 %   |
|                                     |  | 86.3                                                         | 3.6 %   | 132.3    | 6.5 %   | (46.0)    | (34.8) %  |        | (2.9) % |
| Corporate                           |  | (35.3)                                                       | (1.5) % | (25.4)   | (1.3) % | (9.9)     | (39.0) %  |        | (0.2) % |
| Income from construction operations |  | \$ 51.0                                                      | 2.1 %   | \$ 106.9 | 5.2 %   | \$ (55.9) | (52.3) %  |        | (3.1) % |

## Civil Segment

Civil segment income from construction operations decreased \$11.7 million, or 20.2%, and \$25.4 million, or 24.8%, for the three and six months ended June 30, 2015 compared to the same periods in 2014. The decrease was due primarily to net favorable adjustments to the estimated recoveries on two projects in the second quarter of 2014, based on legal rulings issued during that period. The decrease was also due to the decreased activity on certain tunnel projects on the West Coast and certain higher-margin projects, as discussed above under Revenues.

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Civil segment operating margin declined to 8.7% and 8.5% for the three and six months ended June 30, 2015 compared to 14.8% and 13.5% for the same periods in 2014. The reduction in Civil segment operating margin was due primarily to the reasons discussed in the preceding paragraph.

Building Segment

Building segment income from construction operations decreased \$20.2 million, or 262.3%, and \$24.4 million, or 256.8%, for the three and six months ended June 30, 2015 compared to the same periods in 2014. The decrease was due primarily to an unfavorable adjustment in the second quarter of 2015 to the estimated cost to complete for a certain office building project on the East Coast, as well as favorable project adjustments in the second quarter of 2014 on three projects, including an electrical project in Afghanistan.

Building segment operating margin declined to -2.8% and -1.8% for the three and six months ended June 30, 2015 compared to 2.0% and 1.4% for the same periods in 2014. The reduction in Building segment operating margin was due primarily to the reasons discussed in the preceding paragraph.

Specialty Contractors Segment

Specialty Contractors segment income from construction operations increased \$1.1 million, or 8.7%, and \$3.8 million, or 18.5%, for the three and six months ended June 30, 2015 compared to the same periods in 2014. The increase was due primarily to the volume changes discussed above under Revenues.

Specialty Contractors segment operating margin increased to 4.2% and 3.9% for the three and six months ended June 30, 2015 compared to 3.9% and 3.3% for the same periods in 2014. The increase in Specialty Contractors segment operating margin was due primarily to the reasons discussed in the preceding paragraph.

Corporate

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Corporate general and administrative expenses increased \$3.7 million, or 28.7%, and \$9.9 million, or 39.0%, for the three and six months ended June 30, 2015 compared to the same periods in 2014. The increase for the second quarter was primarily due to higher legal related expenses, depreciation, and the timing of employee health benefit expenses. The increase for the six months ended June 30, 2015 was primarily due to the preceding reasons, as well as increased performance-based incentive compensation expense.

### Consolidated Other Income, Interest Expense and Provision for Income Taxes

|                             | June<br>30,<br>2015 | June 30,<br>2014 | \$<br>Change | %<br>Change |
|-----------------------------|---------------------|------------------|--------------|-------------|
| (dollars in millions)       |                     |                  |              |             |
| Three Months Ended          |                     |                  |              |             |
| Other income (expense), net | \$ 0.1              | \$ (7.0)         | \$ 7.1       | (101.4)%    |
| Interest expense            | 11.0                | 10.9             | 0.1          | 0.9 %       |
| Provision for income taxes  | 8.2                 | 19.1             | (10.9)       | (57.1) %    |

|                             | June<br>30,<br>2015 | June 30,<br>2014 | \$<br>Change | %<br>Change |
|-----------------------------|---------------------|------------------|--------------|-------------|
| (dollars in millions)       |                     |                  |              |             |
| Six Months Ended            |                     |                  |              |             |
| Other income (expense), net | \$ (0.7)            | \$ (10.3)        | \$ 9.6       | (93.2) %    |
| Interest expense            | 22.1                | 21.7             | 0.4          | 1.8 %       |
| Provision for income taxes  | 11.3                | 30.4             | (19.1)       | (62.8) %    |

Other income (expense), net improved \$7.1 million and \$9.6 million for the three and six months ended June 30, 2015 compared to the same periods in 2014. This was primarily due to a reduction in expense recognized for changes in contingent consideration liabilities associated with historical acquisitions. Additionally, there were losses recognized on the sale of our auction rate securities and expenses related to the refinancing of our credit facility in the second quarter of 2014.

Interest expense increased \$0.1 million and \$0.4 million for the three and six months ended June 30, 2015 compared to the same periods in 2014.

Provision for income taxes was \$8.2 million and \$11.3 million for three and six months ended June 30, 2015 compared to income tax provision of \$19.1 million and \$30.4 million for the same periods in 2014. The effective

income tax rate was 41.1% and 40.1% for the three and six months ended June 30, 2015 compared to 40.0% and 40.6% for the same periods in 2014. The changes in the effective

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tax rate for the three and six months ended June 30, 2015 compared to the same periods in 2014, were primarily due to increased activities in higher tax rate jurisdictions. The remaining changes are a result of discrete tax item adjustments.

Liquidity and Capital Resources

Cash and Working Capital

At June 30, 2015 and December 31, 2014, cash held by us and available for general corporate purposes was \$48.4 million and \$40.8 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 \$58.5 million and \$94.7 million at June 30, 2015 and December 31, 2014, respectively, and our restricted cash was \$39.5 million and \$44.4 million at June 30, 2015 and December 31, 2014, respectively. We believe that our cash flows will be sufficient to satisfy our currently anticipated cash requirements through at least the next 12 months.

We do not believe that it is likely we will be called upon to contribute significant additional capital in the event of default by any of our 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 initial 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.

A summary of cash flows for each of the six months ended June 30, 2015 and 2014 is set forth below:

| (in millions)                   | Six Months Ended |           |
|---------------------------------|------------------|-----------|
|                                 | June 30,         |           |
|                                 | 2015             | 2014      |
| Cash flows from:                |                  |           |
| Operating activities            | \$ (31.7)        | \$ (61.4) |
| Investing activities            | (23.5)           | 19.6      |
| Financing activities            | 26.6             | 61.7      |
| Net (decrease) increase in cash | (28.6)           | 19.9      |
| Cash at beginning of year       | 135.5            | 119.9     |
| Cash at end of period           | \$ 106.9         | \$ 139.8  |

During the six months ended June 30, 2015, we used \$31.7 million in cash from operating activities. In the first quarter of 2015 we received full and final payments related to settlements reached on the MGM City Center matter and on a separate more recently completed building project. Because of strong collections in December 2014, we were required to make substantial payments to subcontractors and other vendors early in the first quarter of 2015. We funded significant working capital associated with unapproved change orders and receivables resulting from higher revenue on building and civil projects partially offset by increased accounts payable. We used \$23.5 million in cash from investing activities, due primarily to the acquisition of property and equipment of \$29.5 million offset by the sale of property and construction equipment of \$1.1 million. We received \$26.6 million in cash from financing activities, due primarily to increased borrowings under our Credit Facility offset by cash used for scheduled debt repayments.

At June 30, 2015, we had working capital of \$1,158.7 million, a ratio of current assets to current liabilities of 1.78, and a ratio of debt to equity of 0.64 compared to working capital of \$1,114.0 million, a ratio of current assets to current liabilities of 1.82 and a ratio of debt to equity of 0.63 at December 31, 2014.

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### Long-term Debt

Debt was \$892.8 million at June 30, 2015, an increase of \$27.4 million from \$865.4 million at December 31, 2014, due primarily to a net increase in borrowings of \$55.0 million on the revolving line of credit offset by net reductions of \$27.6 million in other debt. We utilized the revolving facility for outstanding letters of credit in the amount of \$0.2 million. Accordingly, at June 30, 2015, we had \$114.8 million available to borrow under our credit agreement. We believe that our financial position and credit arrangements are sufficient to support our current backlog and anticipated new work.

Excluding the outstanding borrowings of \$185.0 million on our revolving line of credit, the unsecured senior notes of \$298.9 million and our \$235.0 million term loan, the remaining balance of \$173.9 million of our outstanding debt is generally secured by the underlying assets. Our debt to equity ratio was 0.64 as of June 30, 2015 compared to 0.63 as of December 31, 2014.

On June 5, 2014, the Company entered into 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%. Borrowings under the Revolving Credit Facility will 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 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.

As of the filing date of this Form 10-Q, we are in compliance and expect to continue to be in compliance with the financial covenants under the Credit Facility.

There were no other material changes in our contractual obligations during the three months ended June 30, 2015.

### Off-Balance Sheet Arrangements

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, except that we participate in one variable interest entity. This entity does not have and is not reasonably likely to have a material current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources. Accordingly, we are not exposed to any financing, liquidity, market or credit risk that could arise from such relationships.

#### Forward-looking Statements

The statements contained in this Management's Discussion and Analysis of the Consolidated Condensed Financial Statements on Form 10-Q that are not purely historical are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, including without limitation, statements regarding our management's expectations, hopes, beliefs, intentions or strategies regarding the future. These forward-looking statements are based on our current expectations and beliefs concerning future developments and their potential effects on us. Our expectations, beliefs and projections are expressed in good faith and we believe there is a reasonable basis for them. There can be no assurance that future developments affecting us will be those that we have anticipated. These forward-looking statements involve a number of risks, uncertainties (some of which are beyond our control) or other assumptions that may cause actual results or performance to be materially different from those expressed or implied by such forward-looking statements. These risks and uncertainties include, but are not limited to:

- our ability to win new contracts and convert backlog into revenue;
- our ability to successfully and timely complete construction projects;
- our ability to realize the anticipated economic and business benefits of our acquisitions and our strategy to assemble and operate a Specialty Contractors business segment;
- the potential delay, suspension, termination or reduction in scope of a construction project;
- the continuing validity of the underlying assumptions and estimates of total forecasted project revenues, costs and profits and project schedules;
- the outcomes of pending or future litigation, arbitration or other dispute resolution proceedings;
- the availability of borrowed funds on terms acceptable to us;

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- the ability to retain certain members of management;
- the ability to obtain surety bonds to secure our performance under certain construction contracts;
- possible labor disputes or work stoppages within the construction industry;
- changes in federal and state appropriations for infrastructure projects and the impact of changing economic conditions on federal, state and local funding for infrastructure projects;
- possible changes or developments in international or domestic political, social, economic, business, industry, market and regulatory conditions or circumstances;
- actions taken or not taken by third parties including our customers, suppliers, business partners, and competitors and legislative, regulatory, judicial and other governmental authorities and officials; and
- other risks and uncertainties discussed under the heading “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2014 filed with the Securities and Exchange Commission on February 26, 2015.

We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There has been no material change in our exposure to market risk from that described in Item 7A of our Annual Report on Form 10-K for the year ended December 31, 2014, filed with the Securities and Exchange Commission on February 26, 2015.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

An evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as defined by Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (“Exchange Act”), as of the end of the period covered by this Quarterly Report on Form 10-Q was made under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company’s disclosure controls and procedures (a) were effective to ensure that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and

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Exchange Commission rules and forms and (b) include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in reports filed or submitted under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

### Changes in Internal Controls Over Financial Reporting

There were no changes in our internal control over financial reporting during the period covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## Part II. - Other Information

### Item 1. Legal Proceedings

From time to time in the ordinary course of business, we are subject to claims, asserted or unasserted, or named as a party to lawsuits or investigations. Litigation can be expensive and disruptive to normal business operations. Moreover, the results of legal proceedings cannot be predicted with any certainty and, in the case of more complex legal proceedings, the results are difficult to predict at all. We disclosed information about certain of our legal proceedings in Part I, Item 3 of our Annual Report on Form 10-K for the year ended December 31, 2014. For an update to those disclosures, see Note 7 — Contingencies and Commitments to Consolidated Condensed Financial Statements.

### Item 1A. Risk Factors

Information regarding risk factors affecting our business is discussed in our Annual Report on Form 10-K for the year ended December 31, 2014. There have been no material changes from those risk factors during the six months ended June 30, 2015.

### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.



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Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

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

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

Item 5. Other Information

None.

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Item 6. Exhibits

|            |                                                                                                                               |
|------------|-------------------------------------------------------------------------------------------------------------------------------|
| Exhibit 3. | Articles of<br>Incorporation and By-laws                                                                                      |
|            | Restated Articles<br>of Organization<br>(incorporated by<br>reference to                                                      |
| 3.1        | Exhibit 4 to<br>Form S-2 (File<br>No. 33-28401)<br>filed on April 28,<br>1989).                                               |
|            | Articles of<br>Amendment to<br>the Restated<br>Articles of<br>Organization of<br>Tutor Perini<br>Corporation                  |
| 3.2        | (incorporated by<br>reference to<br>Exhibit 3.2 to<br>Form S-1 (File<br>No. 333-111338)<br>filed on<br>December 19,<br>2003). |
|            | Articles of<br>Amendment to<br>the Restated<br>Articles of<br>Organization of<br>Tutor Perini<br>Corporation                  |
| 3.3        | (incorporated by<br>reference to<br>Exhibit 3.1 to<br>Form 8-K filed<br>on April 12,<br>2000).                                |
| 3.4        | Articles of<br>Amendment to                                                                                                   |

the Restated  
Articles of  
Organization of  
Tutor Perini  
Corporation  
(incorporated by  
reference to  
Exhibit 3.1 to  
Form 8-K filed  
on September 11,  
2008).

3.5 Articles of  
Amendment to  
the Restated  
Articles of  
Organization of  
Tutor Perini  
Corporation  
(incorporated by  
reference to  
Exhibit 3.5 to  
Form 10-Q filed  
on August 10,  
2009).

3.6 Second Amended  
and Restated  
By-laws of Tutor  
Perini  
Corporation  
(incorporated by  
reference to  
Exhibit 3.1 to  
Form 8-K filed  
on November 24,  
2009).

Exhibit 31.1 Certification of  
Principal  
Executive Officer  
Pursuant to  
Section 302 of  
the  
Sarbanes-Oxley  
Act of 2002 — filed  
herewith.

Exhibit 31.2 Certification of  
Principal  
Financial Officer  
Pursuant to  
Section 302 of  
the

Sarbanes-Oxley  
 Act of 2002 — filed  
 herewith.  
 Certification of  
 Principal  
 Executive Officer  
 Pursuant to 18  
 U.S.C.  
 Section 1350, As  
 Adopted Pursuant  
 to Section 906 of  
 the  
 Sarbanes-Oxley  
 Act of 2002 — filed  
 herewith.  
 Certification of  
 Principal  
 Financial Officer  
 Pursuant to 18  
 U.S.C.  
 Section 1350, As  
 Adopted Pursuant  
 to Section 906 of  
 the  
 Sarbanes-Oxley  
 Act of 2002 — filed  
 herewith.  
 Mine Safety  
 Disclosure — filed  
 herewith.  
 XBRL Instance  
 Document.  
 XBRL  
 Taxonomy  
 Extension  
 Schema  
 Document.  
 XBRL  
 Taxonomy  
 Extension  
 Calculation  
 Linkbase  
 Document.  
 XBRL  
 Taxonomy  
 Extension Label  
 Linkbase  
 Document.  
 PRE

XBRL  
Taxonomy  
Extension  
Presentation  
Linkbase  
Document.  
XBRL  
Taxonomy  
Extension  
Definition  
Linkbase  
Document.

Exhibit 101. DEF

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SIGNATURES

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

Tutor Perini Corporation  
Registrant

Date: August 6, 2015    /s/Michael J. Kershaw  
Michael J. Kershaw,  
Executive Vice President and Chief Financial Officer  
Duly Authorized Officer and Principal Financial Officer