TUTOR PERINI Corp
Form 10-Q
November 05, 2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

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

For the quarterly period ended September 30, 2010

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)

MASSACHUSETTS	04-1717070
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer 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 X No ___

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

Indicate by check mark 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
___	X	___	__

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

The number of shares of Common Stock, $1.00 par value per share, of the registrant outstanding at November 2, 2010 was 47,089,593.

TUTOR PERINI CORPORATION AND SUBSIDIARIES

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Part I. – Financial Information

Item 1. Financial Statements
TUTOR PERINI CORPORATION AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS
SEPTEMBER 30, 2010 (UNAUDITED) AND DECEMBER 31, 2009
(In Thousands, except Share Data)

		SEPTEMBER 30, 2010		DECEMBER 31, 2009
ASSETS				
Cash and Cash Equivalents	$	213,077	$	348,309
Restricted Cash		23,541		-
Accounts Receivable, including retainage		1,121,657		1,088,386
Costs and Estimated Earnings in Excess of Billings		123,497		145,678
Deferred Income Taxes		1,410		1,370
Other Current Assets		44,867		30,811
Total Current Assets		1,528,049		1,614,554
Long-term Investments		94,023		101,201
Property and Equipment (net of Accumulated Depreciation of $76,204 in 2010 and $67,256 in 2009)		354,995		348,821
Other Assets:				
Goodwill		602,471		602,471
Intangible Assets, net		128,105		134,327
Other		18,306		19,280
	$	2,725,949	$	2,820,654
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current Maturities of Long-term Debt	$	21,855	$	31,334
Accounts Payable, including retainage		829,809		990,551
Billings in Excess of Costs and Estimated Earnings		225,072		187,714
Accrued Expenses		100,097		101,837
Total Current Liabilities		1,176,833		1,311,436
Long-term Debt, less current maturities		79,396		84,771
Deferred Income Taxes		77,923		78,977
Other Long-term Liabilities		50,081		57,044
Contingencies and Commitments				
Stockholders' Equity:				
Common Stock - $1 par value: 75,000,000 shares authorized; Shares issued and outstanding: 47,089,593 and 48,538,982, respectively		47,090		48,539

Additional Paid-in Capital		982,917		1,012,983
Retained Earnings		344,712		260,121
Accumulated Other Comprehensive Loss		(33,003)		(33,217)
Total Stockholders' Equity		1,341,716		1,288,426
	$	2,725,949	$	2,820,654

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

TUTOR PERINI CORPORATION AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS (UNAUDITED)
(In Thousands, Except Per Share Data)

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2010	2009	2010	2009
Revenues	$731,806	$1,168,769	$2,511,257	$4,069,799
Cost of Operations	641,136	1,083,403	2,245,542	3,769,310
Gross Profit	90,670	85,366	265,715	300,489
General and Administrative Expenses	40,710	42,905	125,747	131,634
INCOME FROM CONSTRUCTION OPERATIONS	49,960	42,461	139,968	168,855
Other Income (Expense), net	358	474	(399)	2,359
Interest Expense	(1,589)	(1,987)	(6,354)	(6,081)
Income before Income Taxes	48,729	40,948	133,215	165,133
Provision for Income Taxes	(17,796)	(14,264)	(48,624)	(60,571)
NET INCOME	$30,933	$26,684	$84,591	$104,562
BASIC EARNINGS PER COMMON SHARE	$0.65	$0.55	$1.75	$2.15
DILUTED EARNINGS PER COMMON SHARE	$0.65	$0.54	$1.73	$2.13
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:				
BASIC	47,357	48,531	48,455	48,522
Effect of Dilutive Stock Options and Restricted Stock Units Outstanding	539	552	498	511
DILUTED	47,896	49,083	48,953	49,033

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

TUTOR PERINI CORPORATION AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENT OF STOCKHOLDERS' EQUITY (UNAUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2010
(In Thousands)

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total
Balance - December 31, 2009	$ 48,539	$ 1,012,983	$ 260,121	$ (33,217)	$ 1,288,426
Net Income	-	-	84,591	-	84,591
Other comprehensive income (loss):					
Foreign currency translation	-	-	-	214	214
Total comprehensive income					84,805
Common Stock repurchased under share repurchase program	(2,165)	(37,226)	-	-	(39,391)
Tax effect of stock-based compensation	-	(1,967)	-	-	(1,967)
Stock-based compensation expense	-	10,168	-	-	10,168
Issuance of Common Stock, net	716	(1,041)	-	-	(325)
Balance - September 30, 2010	$ 47,090	$ 982,917	$ 344,712	$ (33,003)	$ 1,341,716

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

TUTOR PERINI CORPORATION AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS (UNAUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2010 AND 2009
(In Thousands)

	NINE MONTHS ENDED September 30, 2010	NINE MONTHS ENDED September 30, 2009
Cash Flows from Operating Activities:		
Net Income	$84,591	$104,562
Adjustments to reconcile Net Income to net cash from operating activities:		
Depreciation and amortization	23,328	29,733
Stock-based compensation expense	10,168	8,230
Adjustment of investments to fair value	25	(34)
Deferred Income Taxes	(3,059)	(5,594)
Loss on sale of equipment	350	427
Loss on land held for sale	-	336
Other Long-term Liabilities	(3,677)	(38,582)
Changes in other components of working capital	(147,675)	(151,135)
NET CASH USED IN OPERATING ACTIVITIES	$(35,949)	$(52,057)
Cash Flows from Investing Activities:		
Business acquisition related payments	$(6,734)	$(6,900)
Acquisition of Property and Equipment	(16,135)	(28,091)
Proceeds from sale of Property and Equipment	1,856	1,761
Investment in land held for sale	-	(866)
Proceeds from sale of available-for-sale securities	6,918	3,641
Change in Restricted Cash	(23,541)	-
Investment in other activities	53	423
NET CASH USED IN INVESTING ACTIVITIES	$(37,583)	$(30,032)
Cash Flows from Financing Activities:		
Proceeds from Debt	$8,724	$174,660
Repayment of Debt	(28,803)	(142,516)
Common Stock repurchased under share repurchase program	(39,391)	-
Issuance of Common Stock and effect of cashless exercise	(325)	139
Deferred debt costs	(1,905)	(627)
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES	$(61,700)	$31,656
Net Decrease in Cash and Cash Equivalents	(135,232)	(50,433)
Cash and Cash Equivalents at Beginning of Year	348,309	386,172
Cash and Cash Equivalents at End of Period	$213,077	$335,739
Supplemental Disclosure of Cash Paid During the Period For:		
Interest	$4,215	$6,121
Income taxes	$35,705	$53,246
Supplemental Disclosure of Non-cash Transactions:		

Property and Equipment acquired through financing arrangements	$6,054	$1,433

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

(1) Basis of Presentation

The unaudited consolidated condensed financial statements presented herein include the accounts of Tutor Perini Corporation (formerly known as 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. These 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 of America. These statements should be read in conjunction with the financial statements and notes thereto included in the Company's amended Annual Report on Form 10-K/A for the year ended December 31, 2009. 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 September 30, 2010 and December 31, 2009, results of operations for the three and nine month periods ended September 30, 2010 and 2009, and cash flows for the nine month periods ended September 30, 2010 and 2009. The results of operations for the nine month period ended September 30, 2010 may not be indicative of the results that may be expected for the year ending December 31, 2010 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 such financial statements included in the Company's amended Annual Report on Form 10-K/A for the year ended December 31, 2009. The Company has made no significant changes to these policies during 2010.

In January 2010, the Financial Accounting Standards Board (the "FASB") issued a staff position amending existing guidance for fair value measurements and disclosures in both interim and annual financial statements. This update requires new disclosures on significant transfers of assets and liabilities between Level 1 and Level 2 of the fair value hierarchy (including the reasons for these transfers) and the reasons for any transfers in or out of Level 3. It also requires a reconciliation of recurring Level 3 measurements and clarifies certain existing disclosure requirements for reporting fair value disaggregated by class of assets and liabilities rather than each major category of assets and liabilities. This update is effective for the Company with the interim and annual reporting period beginning January 1, 2010, except for the requirement to provide the Level 3 activity of purchases, sales, issuances, and settlements on a gross basis, which will become effective for the Company with the interim and annual reporting period beginning January 1, 2011. The Company will not be required to provide the amended disclosures for any previous periods presented for comparative purposes. Other than requiring additional disclosures, adoption of this update has not and will not have a material effect on the Company's consolidated financial statements.

(3) Cash, Cash Equivalents and Restricted Cash

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 held to secure insurance-related contingent obligations, such as insurance claim deductibles, in lieu of letters of credit. At September 30, 2010 and December 31, 2009, Cash and Cash Equivalents and Restricted Cash consisted of the following (in thousands):

TUTOR PERINI CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(continued)

(3) Cash, Cash Equivalents and Restricted Cash (continued)

	September 30, 2010	December 31, 2009
Corporate Cash and Cash Equivalents (1)	$ 193,150	$ 323,867
Company's share of joint venture Cash and Cash Equivalents (2)	19,927	24,442
Total Cash and Cash Equivalents	$ 213,077	$ 348,309
Restricted Cash	$ 23,541	$ -

(1) Available for general corporate purposes
(2) Available for joint venture purposes, including future distributions to joint venture partners

(4) Fair Value Measurements

The Company measures certain financial instruments, including Cash and Cash Equivalents, such as money market funds, at their fair value. The fair value was 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 following tables provide the assets and liabilities carried at fair value measured on a recurring basis as of September 30, 2010 and December 31, 2009 (in thousands):

		Fair Value Measurements at September 30, 2010 Using		
	Total Carrying Value at September 30, 2010	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Cash and Cash Equivalents (1)	$ 213,077	$ 213,077	$ -	$ -
Restricted Cash (1)	23,541	23,541	-	-
Short-term Investments (2)	23	23	-	-

Long-term Investments –								
Auction rate securities (3)		94,023		-		-		94,023
Total	$	330,664	$	236,641	$	-	$	94,023

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TUTOR PERINI CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(continued)

(4) Fair Value Measurements (continued)

	Total Carrying Value at December 31, 2009	Fair Value Measurements at December 31, 2009 Using: Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Cash and Cash Equivalents (1)	$ 348,309	$ 348,309	$ -	$ -
Restricted Cash (1)	-	-	-	-
Short-term Investments (2)	76	76	-	-
Long-term Investments – Auction rate securities (3)	101,201	-	-	101,201
Total	$ 449,586	$ 348,385	$ -	$ 101,201

(1) 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.

(2) Short-term Investments are included in Other Current Assets and consist of an S&P 500 index mutual fund for which fair value is determined through quoted market prices.

(3) At September 30, 2010, the Company had $94.0 million invested in auction rate securities ("ARS") which the Company considers as available-for-sale. The majority of the ARS held by the Company at September 30, 2010, are in securities collateralized by student loan portfolios, totaling $68.1 million, which are guaranteed by the U.S. government. Additional amounts totaling $17.9 million are invested in securities collateralized by student loan portfolios, which are privately insured. The remainder of the securities, totaling $8.0 million, is invested in tax-exempt bonds. At December 31, 2009, the Company had $101.2 million invested in ARS which included $93.2 million in securities collateralized by student loan portfolios ($75.3 million guaranteed by the U.S. government and $17.9 million privately insured) and $8.0 million invested in tax-exempt bonds. Substantially all of the Company's ARS are rated AAA or Aaa. The Company estimated the fair value of its ARS utilizing an income approach valuation model which considered, among other items, the following inputs: (i) the underlying structure of each security; (ii) the present value of future principal and interest payments discounted at rates considered to reflect current market conditions; and (iii) consideration of the probabilities of default or repurchase at par for each period.

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the nine month periods ended September 30, 2010 and 2009 are as follows (in thousands):

	Level 3 Auction Rate Securities
Balance at December 31, 2009	$ 101,201
Settlements	(375)
Balance at March 31, 2010	100,826
Settlements	(150)

Impairment charge included in Other Income (Expense), net		(360)
Balance at June 30, 2010		100,316
Settlements		(6,725)
Reversal of impairment charge included in Other Income (Expense), net		432
Balance at September 30, 2010	$	94,023

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TUTOR PERINI CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(continued)

(4) Fair Value Measurements (continued)

		Level 3 Auction Rate Securities
Balance at December 31, 2008	$	103,429
Settlements		-
Balance at March 31, 2009		103,429
Settlements		(2,250)
Reversal of impairment charge included in Other Income (Expense), net		22
Balance at June 30, 2009		101,201
Settlements		-
Balance at September 30, 2009	$	101,201

Due to the Company's belief that the market for both government-backed and privately insured student loans, as well as for tax-exempt municipal bonds, may take in excess of twelve months to fully recover, the Company has classified its $94.0 million investment in these securities as non-current and this amount is included in Long-term Investments in the Consolidated Condensed Balance Sheet at September 30, 2010.

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, long-term debt and other amounts arising out of normal contract activities, including retentions, which may be settled beyond one year, is estimated to approximate fair value.

(5) Goodwill and Intangible Assets

There were no changes in the carrying amount of Goodwill during the nine month period ended September 30, 2010 as shown in the table below (in thousands):

	Building	Civil	Management Services	Total
Gross Goodwill	$401,744	$300,987	$ 66,638	$769,369
Accumulated impairment	(146,847)	-	(20,051)	(166,898)
Balance at December 31, 2009	$254,897	$300,987	$ 46,587	$602,471
Balance at September 30, 2010	$254,897	$300,987	$ 46,587	$602,471

TUTOR PERINI CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(continued)

(5) Goodwill and Intangible Assets (continued)

Intangible Assets consist of the following (in thousands):

	As of September 30, 2010		
	Cost	Accumulated Amortization	Net Carrying Value
Trade names	$ 96,150	$ -	$ 96,150
Contractor license	5,320	-	5,320
Customer relationships	31,700	(6,396)	25,304
Construction contract backlog	33,340	(32,009)	1,331
Non-compete agreements	2,400	(2,400)	-
Total	$ 168,910	$ (40,805)	$ 128,105

	As of December 31, 2009		
	Cost	Accumulated Amortization	Net Carrying Value
Trade names	$96,150	$ -	$96,150
Contractor license	5,320	-	5,320
Customer relationships	31,700	(4,243)	27,457
Construction contract backlog	33,340	(28,300)	5,040
Non-compete agreements	2,400	(2,040)	360
Total	$168,910	$ (34,583)	$134,327

Amortization expense for the three and nine month periods ended September 30, 2010 was $1.9 million and $6.2 million, respectively. Amortization expense for the three and nine month periods ended September 30, 2009 was $3.5 million and $13.7 million, respectively. As of September 30, 2010, amortization expense is estimated to be $1.6 million for the remainder of 2010, $3.3 million in 2011, $2.9 million in 2012, 2013 and 2014 and $13.0 million thereafter.

(6) 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 performance under its 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. 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. In 1999, LAMTA countered with civil claims under the California False Claims Act ("CFCA") against the Joint Venture, Tutor-Saliba and the Company jointly and severally (together, "TSP").

The court has granted certain Joint Venture motions and LAMTA capitulated on others which reduced the number

TUTOR PERINI CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(continued)

(6) Contingencies and Commitments (continued)

of false claims LAMTA may seek and limited LAMTA's claims for damages and penalties. In 2009, the court ruled that LAMTA could not proceed with its breach of contract claims unless it can prove the contracts are constitutional under a "strict scrutiny" standard. LAMTA has informed the court it will drop the contract claims. During the second quarter of 2010, the court granted the Joint Venture's motion against LAMTA regarding witness tampering, issued an order to show cause regarding criminal and civil contempt on the part of LAMTA, and also issued a ruling referring an evidentiary matter to the Attorney General of the State of California relating to a criminal investigation into whether or not LAMTA and its attorneys provided false testimony and tampered with a witness.

In September 2010, the LAMTA dismissed its remaining claims and agreed to pay the entire amount of the Joint Venture's remaining claims of $3.0 million, including settled interest of $1.8 million. The parties are expected to bring their respective appeals on a limited subset of previous court rulings including TSP's intent to appeal the previous false claims jury verdict on a Disadvantaged Business Enterprise ("DBE") subcontractor claim which LAMTA has paid.

The ultimate financial impact of the lawsuit is not yet determinable. Therefore, no provision for gain or loss, if any, has been recorded in the financial statements.

Perini/Kiewit/Cashman Joint Venture-Central Artery/Tunnel Project Matter

Perini/Kiewit/Cashman Joint Venture ("PKC") a joint venture in which the Company holds a 56% interest and is the managing partner, is currently pursuing a series of claims, instituted at different times over the course of the past ten years, for additional contract time and/or compensation against the Massachusetts Highway Department ("MHD") for work performed by PKC on a portion of the Central Artery/Tunnel project in Boston, Massachusetts. During construction, MHD ordered PKC to perform changes to the work and issued related direct cost changes with an estimated value, excluding time delay and inefficiency costs, in excess of $100 million. In addition, PKC encountered a number of unforeseen conditions during construction that greatly increased PKC's cost of performance. MHD has asserted counterclaims for liquidated damages.

Certain of PKC's claims have been presented to a Disputes Review Board ("DRB") which consists of three construction experts chosen by the parties. To date, the various DRB panels have issued eight awards and several interim decisions in favor of PKC's claims, amounting to total binding awards to PKC in excess of $100 million.

It is PKC's position that the remaining claims to be decided by the DRB on a binding basis have an anticipated value of approximately $28 million, plus interest. Hearings before the DRB occurred throughout 2009 and are scheduled to continue through 2011.

Management has made an estimate of the anticipated recovery on this project and it 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.

Long Island Expressway/Cross Island Parkway Matter

The Company reconstructed the Long Island Expressway/Cross Island Parkway Interchange for the New York State Department of Transportation (the "NYSDOT"). The $130 million project (the "Project") was substantially completed in January 2004 and was accepted by the NYSDOT as finally complete in February 2006.

The Company is seeking relief from the NYSDOT for the delay and extra work it experienced on the Project. In April 2009, the Company made a presentation of its position to the NYSDOT regarding additional relief it seeks from the NYSDOT. In June 2010, the Company requested that NYSDOT close-out the Project, after which the

TUTOR PERINI CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(continued)

(6) Contingencies and Commitments (continued)

NYSDOT notified the Company that it will conduct an audit of the Company's costs under the project. To date the parties have been unable to reach a settlement agreement.

Management has made an estimate of the total anticipated recovery on this project and it 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.

Queensridge Matter

Perini Building Company, Inc. ("PBC") was the general contractor for the construction of One Queensridge Place, a condominium project in Las Vegas, Nevada. The developer of the project, Queensridge Towers, LLC / Executive Home Builders, Inc. ("Queensridge"), has failed to pay PBC for work which PBC and its subcontractors performed on the project. Queensridge has alleged that PBC and its subcontractors are not due amounts sought and that it has back charges from incomplete and defective work. PBC filed an arbitration demand, asserting $35 million in claims against Queensridge for liens, contract and punitive damages.

Queensridge filed a motion to stay the arbitration in order to pursue its appeal of the Clark County District Court's spoliation ruling. PBC filed its answer to Queensridge's appeal in the Nevada Supreme Court and the court granted PBC's motion and ruled that its lien is in technical compliance with state statute. The Nevada Supreme Court denied Queensridge's appeal and lifted the stay on the arbitration proceedings. The arbitration process is proceeding. Queensridge simultaneously filed a motion for reconsideration of the Supreme Court's denial of its appeal.

Management has made an estimate of the total anticipated recovery on this project and it 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.

Gaylord Hotel and Convention Center Matter

In 2005, Gaylord National, LLC ("Gaylord"), as Owner, and Perini Building Company, Inc. / Tompkins Builders, Joint Venture ("PTJV"), as Construction Manager, entered into a contract to construct the Gaylord National Resort and Convention Center (the "Project") in Maryland. PTJV is pursuing an insurance claim related to work performed by Banker Steel Company, Inc. ("Banker Steel"), a subcontractor. In November 2009, PTJV filed suit against Factory Mutual Insurance Co. ("FM") in the Maryland federal district court alleging FM breached the insurance contracts and for declaratory judgment with respect to the insurance coverage. Pursuant to a separate agreement with Banker Steel, PTJV will share in any net recovery resulting from Banker Steel's lawsuit against its supplier which was filed in February 2010 and is pending in the Virginia federal court.

Management has made an estimate of the total anticipated recovery on this project and it 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.

UCLA Westwood Replacement Hospital Matter

This project, which was undertaken by the joint venture of Tutor-Saliba Corporation and Perini Corporation ("TSP"), involved the construction of a new hospital on the University of California, Los Angeles campus. The project owner is the University of California at Los Angeles (the "Owner"). The project has been completed.

TSP filed a lawsuit, in Los Angeles Superior Court, against the Owner on behalf of TSP and its subcontractors. TSP

TUTOR PERINI CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(continued)

(6) Contingencies and Commitments (continued)

is seeking $36 million on behalf of itself and $171 million on behalf of its subcontractors. The Owner has filed a Cross Complaint against TSP, the Company, Tutor-Saliba Corporation, Helix Electric Inc., and others (together "TSP Defendants") alleging contract breach and violation of the California False Claims Act. Helix Electric, Inc. ("Helix") was a subcontractor to TSP. The Owner is seeking $62.2 million for contract breach from the TSP Defendants; $4.3 million, trebled, for false claims from the TSP Defendants and Helix; and other relief. The subcontractors have filed lawsuits against TSP seeking the aforementioned $171 million in what are essentially pass-through claims to the Owner. Pursuant to the provisions of TSP's agreements with its subcontractors, TSP is not responsible to pay subcontractors for Owner-caused damages. All cases have been deemed related and consolidated. The consolidated cases will be referred to as "In Re UCLA Westwood Replacement Hospital Cases". TSP is designated lead plaintiff.

Mediation was held in June 2010. The settlement reached with the Owner was approved by the Board of Regents in September 2010, subject to appropriate release language. Settlements with the substantial majority of subcontractors have occurred subject to any final payment from the Owner. TSP will seek mediation as to the remaining two subcontractor claims, which are expected to be less than $2.0 million. The trial, which is scheduled for February 2011, is expected to be continued to allow TSP to mediate the remaining subcontractor claims.

Management has made an estimate of the total anticipated recovery on this project and it 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.

Palomar Pomerado Health Matter

Rudolph and Sletten ("R&S"), a wholly owned subsidiary of the Company, was construction manager for Palomar Pomerado Health ("PPH") regarding its capital expansion program commencing in 2003 through the end of 2009. Portions of the work were terminated for convenience by PPH in 2008. PPH audited R&S's books and records and made an unsubstantiated claim for approximately $5 million in alleged inappropriate billings.

On December 10, 2009, PPH filed a lawsuit against R&S in the Superior Court of the State of California for the County of San Diego. The complaint included claims for breach of contract, civil fraud and negligent misrepresentation. R&S filed its cross-complaint against PPH in May 2010, alleging breach of contract and implied covenant of good faith and fair dealing, promissory estoppel, violation of the Federal Civil Rights Act, and other causes of action.

A settlement was reached in September 2010 in which PPH withdrew all claims and allegations and remitted a payment of $1.25 million to the Company. Settlement documents are finalized and dismissals entered.

Fontainebleau Matter

Desert Plumbing & Heating Co. ("DPH"), a wholly owned subsidiary of the Company, was the plumbing and mechanical subcontractor 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.

DPH filed liens in Nevada for approximately $42 million, representing its unreimbursed costs to date and lost profits, including anticipated profits. Other unaffiliated subcontractors have also filed liens. On June 17, 2009, DPH filed suit against Turnberry West Construction, Inc. (“Turnberry”), the general contractor, in the 8th Judicial District

TUTOR PERINI CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(continued)

(6) Contingencies and Commitments (continued)

Court, Clark County, Nevada, seeking damages based on contract theories. On April 2, 2010, the court entered a default judgment in favor of DPH and against Turnberry for Turnberry’s failure to answer the DPH complaint and on May 27, 2010; the court entered an order on the default judgment in favor of DPH for approximately $45 million. DPH is uncertain as to Turnberry’s present financial condition.

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 is now approximately $125 million set aside from this sale and is available for distribution to satisfy the creditor claims based on seniority. The project lender filed suit against the mechanic’s lien claimants, including DPH, alleging that certain mechanic’s liens are invalid and that all mechanic’s liens are subordinate to the lender's claims against the property. This litigation is pending.

Management has made an estimate of the total anticipated recovery on this project and it 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.

MGM CityCenter Matter

Perini Building Company, Inc., a wholly owned subsidiary of the Company, contracted with MGM MIRAGE Design Group (“MGM”) on March 9, 2005 to construct the CityCenter project in Las Vegas, Nevada (the “Project”). The Project, which encompasses nineteen separate contracts, is a 66-acre urban mixed use development consisting of hotels, condominiums, retail space and a casino.

The Company achieved substantial completion of the Project on or about December 16, 2009, and MGM opened the Project to the public on the same date. On March 24, 2010, the Company filed suit against MGM and certain other property owners in the Clark County District Court alleging (1) breach of contract, (2) breach of the implied covenant of good faith and fair dealing, (3) tortious breach of the implied covenant of good faith and fair dealing, (4) unjust enrichment, (5) fraud and intentional misrepresentation, (6) foreclosure of mechanic’s lien, and (7) claim of priority. On March 29, 2010, the Company filed a $491 million mechanic’s lien against the Project.

In a Current Report on Form 8-K filed by MGM on March 12, 2010, and in subsequent communications issued, MGM has asserted that it believes it owes substantially less than the claimed amount and that it has claims for losses in connection with the construction of the Harmon Hotel and is entitled to unspecified offsets for other work on the Project. According to MGM, the total of the offsets and the Harmon Hotel claims exceed the amount claimed by the Company. MGM’s filing and subsequent communications do not specify in any detail the basis for MGM’s belief that it has such claims against the Company.

On May 14, 2010, MGM filed a counterclaim and third party complaint against the Company and its subsidiary Perini Building Company. On June 24, 2010, MGM filed its First Amended Third Party Complaint in which MGM removed certain causes of actions against the Company. On June 28, 2010, the court granted the Company and MGM’s joint motion to consolidate all subcontractor initiated actions into the main CityCenter lawsuit. Trial is scheduled for September 2011.

In public statements, MGM asserted its intent to enter into settlement discussions directly with subcontractors under contract with the Company. As of September 30, 2010 MGM has reached agreements with subcontractors to settle at a discount approximately $107 million of amounts billed to MGM. The Company has reduced amounts included in revenues, cost of construction operations, accounts receivable and accounts payable for the reduction in subcontractor pass-through billings. At September 30, 2010 the Company had approximately $384 million recorded as contract receivables for amounts due and owed to the Company and its subcontractors. Included in the

TUTOR PERINI CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(continued)

(6) Contingencies and Commitments (continued)

Company's receivables are pass-through subcontractor billings for contract work and retention, and other requests for equitable adjustment for additional work in the amount of $271 million. Subsequent to September 30, 2010 MGM has reached agreements with subcontractors to settle approximately $81 million in additional amounts billed to MGM at a discount. As pass-through subcontractor billings are settled, the Company will reduce its mechanic's lien as appropriate. In the event MGM reaches additional settlements with subcontractors for amounts less than currently due and the settlement is agreed to by the Company, the Company will reduce amounts included in revenues, cost of construction operations, accounts receivable and accounts payable for the reduction in subcontractor pass-through billings, which we would not expect to have an impact on recorded profit.

With respect to alleged losses at the Harmon Hotel, the Company has contractual indemnities from the responsible subcontractor, as well as existing insurance coverage that it expects will be available and sufficient to cover any liability that may be associated with this matter. The Company is not aware of a basis for other claims that would amount to material offsets against what MGM owes to the Company.

Management has made an estimate of the total anticipated recovery on this project and it 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 (the "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 $8.75 million in claims from the City on behalf of itself and its subcontractors. In February 2010, the Company initiated a second action in the Supreme Court of the State of New York to recover an additional $0.7 million in claims against the City for unpaid retention. On March 18, 2010, the City filed counterclaims for $74.6 million and other relief, alleging fraud in connection with the DBE requirements for the Project. On May 18, 2010, the Company served the City with its response to the City's counterclaims and affirmative defenses. Parties are in early stages of discussing settlement possibilities. No trial date has been set. The Company does not expect this matter to have any material adverse effect on its consolidated financial statements.

Westgate Planet Hollywood Matter

Tutor-Saliba Corporation, a wholly owned subsidiary of the Company, contracted to construct a time share development in Las Vegas (the "Project") which was substantially completed on December 11, 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 on April 8, 2010 in the amount of $19.3 million, and filed its complaint on May 10, 2010 with the District Court, Clark County, Nevada. Included in the Company's receivables are pass-through subcontractor billings for contract work and retention of approximately $11.2 million. 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 filed a cross-complaint alleging non-conforming and defective work for approximately $40 million, primarily related to alleged defects and liquidated damages. Some or all of the allegations will be defended by counsel appointed by Tutor-Saliba's insurance carrier.

Management has made an estimate of the total anticipated recovery on this project and it 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.

TUTOR PERINI CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(continued)

(7) Common Stock Repurchase Program

On March 19, 2010, the Company's Board of Directors extended a program to repurchase up to $100 million of the Company's Common Stock through March 31, 2011. Under the terms of the program, the Company may repurchase shares in open market purchases or through privately negotiated transactions. The Company expects to use cash on hand to fund repurchases of its Common Stock. Stock repurchases will be conducted in compliance with the safe harbor provisions of Rule 10b-18 under the Securities Exchange Act of 1934, as amended. The timing and amount of any repurchase will be based on management's evaluation of market conditions, business considerations and other factors. Repurchases also may be made under a 10b5-1 plan which permits Common Stock to be repurchased when the Company would otherwise be prohibited from doing so under insider trading laws.

The share repurchase program does not obligate the Company to repurchase any dollar amount or number of shares of its Common Stock and the program may be extended, modified, suspended or discontinued at any time, at the Company's discretion. During the three month period ended September 30, 2010 the Company repurchased 1,547,749, shares under the program for an aggregate purchase price of $28.2 million. During the nine months ended September 30, 2010 the Company repurchased 2,164,840 shares under the program for an aggregate purchase price of $39.4 million. There were no repurchases made during 2009. There was $28.8 million remaining under the program as of September 30, 2010.

(8) Stock-Based Compensation

For the three and nine month periods ended September 30, 2010, the Company recognized total compensation expense of $2.7 million and $10.2 million, respectively, related to stock-based compensation awards, which is included in General and Administrative Expenses in the Consolidated Condensed Statements of Operations.

Restricted Stock Awards
Restricted stock awards generally vest subject to the satisfaction of service requirements or the satisfaction of both service requirements and achievement of certain pre-established pre-tax income performance targets. Upon vesting, each award is exchanged for one share of the Company's Common Stock. As of September 30, 2010, the Compensation Committee has approved the grant of an aggregate of 3,767,500 restricted stock awards to eligible participants.

During the nine month period ended September 30, 2010, the Compensation Committee approved the award of 25,000 restricted stock awards, including 16,667 restricted stock awards for which a grant date fair value cannot be determined currently because the related performance targets for future years have not yet been established. The Compensation Committee also established the respective pre-tax income performance targets for the second tranche of 150,000 restricted stock awards awarded during the second quarter of 2009 and 50,000 restricted stock awards awarded during the third quarter of 2009. The grant date fair value is determined based on the closing price of the Company's Common Stock on the date the awards were made by the Compensation Committee or on the date the performance criteria is determined, where applicable.

For the three and nine month periods ended September 30, 2010, the Company recognized compensation expense of $2.0 million and $7.5 million, respectively, related to restricted stock awards. As of September 30, 2010 there was $14.8 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 2.8 years. A summary of restricted stock awards activity under the plan for the nine months ended September 30, 2010 is as follows:

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TUTOR PERINI CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(continued)

(8) Stock-Based Compensation (continued)

	Number of Shares	Weighted Average Grant Date Fair Value	Aggregate Intrinsic Value
Granted and Unvested - January 1, 2010	1,717,501	$ 24.05	$ 31,052,418
Vested	(660,001)	19.17	12,652,469
Granted	208,333	20.44	4,185,410
Forfeited	(45,000)	20.12	-
Total Granted and Unvested	1,220,833	21.62	24,526,535
Approved for grant	516,667	(a)	10,379,840
Total Awarded and Unvested - September 30, 2010	1,737,500	n.a.	34,906,375

(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 September 30, 2010 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 of Awards
2011	233,333
2012	233,333
2013	1,120,834
2014	150,000
Total	1,737,500

Approximately 100,000 of the unvested awards will vest based on the satisfaction of service requirements and 1,637,500 will vest based on the satisfaction of both service requirements and the achievement of pre-tax income performance targets.

Stock Options
There were no stock options granted during the nine months ended September 30, 2010; however, the Compensation Committee did establish the respective pre-tax income performance target for the second tranche of 150,000 stock options awarded during the second quarter of 2009. The exercise price of the options previously awarded is equal to the closing price of the Company's Common Stock on the date the awards were made by the Compensation Committee. The options expire on May 28, 2019.

For the three and nine month periods ended September 30, 2010, the Company recognized compensation expense of $0.7 million and $2.7 million, respectively, related to stock option grants. As of September 30, 2010, there was $5.8 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 2.8 years. A summary of stock option activity under the plan for the nine months ended September 30, 2010 is as follows:

TUTOR PERINI CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(continued)

(8) Stock-Based Compensation (continued)

	Number of Shares	Weighted Average Grant Date Fair Value	Weighted Average Exercise Price
Total Awarded and Outstanding - January 1, 2010	935,000	$ 11.42	$ 20.51
Granted	150,000	9.79	20.33
Forfeited	(45,000)	11.46	20.12
Total Granted and Outstanding	1,040,000	11.18	20.50
Approved for grant	450,000	(a)	20.33
Total Awarded and Outstanding - September 30, 2010	1,490,000	n.a.	20.45

(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 options had an intrinsic value of $2.3 million and a weighted average remaining contractual life of 8.2 years at September 30, 2010. There were 150,000 options exercisable at September 30, 2010.

The fair value of the second tranche of the 2009 awards was determined using the Black-Scholes-Merton option pricing model using the following key assumptions:

Risk-free interest rate	2.65%
Expected life of options	5.7 years
Expected volatility of underlying stock	48.38%
Exepected quarterly dividends (per share)	$0.00

(9) Financial Commitments

On September 8, 2008, the Company entered into a Third Amended and Restated Credit Agreement (the “Credit Agreement”). The Credit Agreement was amended by a Joinder Agreement dated February 13, 2009, executed by Daniel J. Keating Company, by a First Amendment dated as of February 23, 2009 and by a Second Amendment dated January 13, 2010 (collectively, the “Amended Credit Agreement”). The Amended Credit Agreement allows the Company to borrow up to $205 million on a revolving credit basis (the “Revolving Facility”), with a $50 million sublimit for letters of credit, and an additional $107 million under a supplemental facility (the “Supplemental Facility”) to the extent that the $205 million base facility has been fully drawn. Subject to certain conditions, the Company has the option to increase the base facility by up to an additional $45 million. In addition, the Amended Credit Agreement provides that the Supplemental Facility shall be reduced upon the sale of all or any portion of the $107 million face value of auction rate securities held in the Company’s investment portfolio as of January 13, 2010. Subsequent to January 13, 2010 but prior to September 30, 2010, the Company sold auction rate securities with a face value in the amount of $7.3 million. Subsequent to September 30, 2010 the Company sold an additional $0.2 million in auction rate securities. Any outstanding loans under the Revolving Facility mature on February 22, 2012 unless extended pursuant to the terms of the Amended Credit Agreement. On July 16, 2010 the Company extended the maturity date of the Supplemental Facility such that any outstanding loans mature on February 22, 2012, coterminous with the Revolving Facility.

On October 20, 2010, an amendment to the Amended Credit Agreement became effective that provided for, among other things, (i) the permitted incurrence of additional senior unsecured indebtedness up to $300 million under the issuance of senior unsecured notes (the “Notes”), described in Note 14, (ii) the permitted incurrence of indebtedness under any preferred stock issued by the Company that provides for no mandatory cash payments, and no mandatory redemption or put rights until a date that is six months or more after the maturity date of the Amended Credit

TUTOR PERINI CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(continued)

(9) Financial Commitments (continued)

Agreement, (iii) modifications to certain covenants to permit the Company's consummation of the issuance of the Notes, and (iv) certain other modifications to the Company's financial covenants and certain other covenants.

The Amended Credit Agreement requires the Company to comply with certain financial and other covenants including minimum net worth, minimum asset coverage, minimum fixed charge coverage and maximum leverage ratios. The Company was in compliance with the covenants of the Amended Credit Agreement as of September 30, 2010.

In March 2010, the Company obtained three loans totaling $9.4 million, which are collateralized by construction equipment owned by the Company. The terms of the loans include equal monthly installments inclusive of principal and interest at an interest rate of 4.25% payable over a five-year period, which began in April 2010.

During the second quarter of 2010, the Company obtained a loan for $2.1 million, collateralized by construction equipment. The terms of the loan include equal monthly installments inclusive of principal and interest at an interest rate of 4.25% payable over a five-year period, which began in May 2010. The Company obtained a second loan for $3.3 million which was used to finance insurance-related obligations. The terms of the loan include equal monthly installments inclusive of principal and interest at an interest rate of 3.48% over a 12 month term, which began in June 2010.

The Company did not enter into any new material obligations during the three month period ended September 30, 2010.

The Company had no outstanding borrowings under its available revolving credit facilities as of September 30, 2010 and December 31, 2009. The Company utilized the revolving credit facility for letters of credit in aggregate amounts of $0.2 million and $20.5 million as of September 30, 2010 and December 31, 2009, respectively. Accordingly, at September 30, 2010, the Company had $304.6 million available to borrow under the Amended Credit Agreement, including the Supplemental Facility.

(10) 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 was similarly computed after giving consideration to the dilutive effect of stock options and restricted stock awards outstanding on the weighted average number of common shares outstanding. The computation of diluted earnings per common share for the three and nine month periods ended September 30, 2010 excludes the antidilutive effect of 585,000 stock options. There were 460,000 antidilutive stock options for the three months ended September 30, 2009 and 935,000 antidilutive stock options and 682,500 antidilutive restricted stock awards for the nine months ended September 30, 2009 that were excluded from the computation of diluted earnings per share.

TUTOR PERINI CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(continued)

(11) Business Segments

The following tables set forth certain business segment information relating to the Company's operations for the three and nine month periods ended September 30, 2010 and 2009 (in thousands):

	Three Months Ended September 30, 2010		Three Months Ended September 30, 2009	
	Revenues	Income from Construction Operations	Revenues	Income from Construction Operations
Building	$ 520,671	$ 28,174	$ 1,017,819	$ 38,790
Civil	169,880	27,298	72,614	6,261
Management Services	41,255	2,934	78,336	8,555
	731,806	58,406	1,168,769	53,606
Corporate *	-	(8,446)	-	(11,145)
Total	$ 731,806	$ 49,960	$ 1,168,769	$ 42,461

	Nine Months Ended September 30, 2010		Nine Months Ended September 30, 2009	
	Revenues	Income from Construction Operations	Revenues	Income from Construction Operations
Building	$ 1,870,112	$ 90,171	$ 3,576,738	$ 120,209
Civil	491,971	65,308	259,188	40,659
Management Services	149,174	12,874	233,873	38,396
	2,511,257	168,353	4,069,799	199,264
Corporate *	-	(28,385)	-	(30,409)
Total	$ 2,511,257	$ 139,968	$ 4,069,799	$ 168,855

* Consists primarily of corporate general and administrative expenses.

(12) Employee Pension Plans

The Company has a defined benefit pension plan and an unfunded supplemental retirement plan. Effective June 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 nine month periods ended September 30, 2010 and 2009 (in thousands):

TUTOR PERINI CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(continued)

(12) Employee Pension Plans (continued)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
Interest cost	$1,139	$1,161	$3,418	$3,485
Expected return on plan assets	(1,241)	(1,219)	(3,724)	(3,657)
Amortization of net loss	612	473	1,836	1,419
Net periodic benefit cost	$510	$415	$1,530	$1,247

The Company contributed $1.2 million and $2.3 million to its defined benefit pension plan during the three and nine months ended September 30, 2010, respectively. The Company expects to contribute an additional $1.2 million to its defined benefit pension plan during the remainder of fiscal year 2010.

(13) 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 with monthly payments of $0.2 million, which increase at 3% per annum beginning August 1, 2009 and expire on July 31, 2016. Lease expense for these leases, recorded on a straight-line basis, was $0.6 million for the three months ended September 30, 2010 and 2009 and $1.8 million for the nine months ended September 30, 2010 and 2009.

The Vice Chairman of O&G Industries, Inc. ("O&G") is a director of the Company. O&G occasionally participates in joint ventures with the Company. No revenues were earned relating to these joint ventures for the nine months ended September 30, 2010. The Company's share of revenues related to these joint ventures amounted to $0.3 million and $1.1 million (or less than 1%) for the three and nine months ended September 30, 2009, respectively. O&G's cumulative holdings of the Company's stock as of September 30, 2010 and September 30, 2009 were 600,000 shares, or 1.27% of total common shares outstanding at September 30, 2010.

(14) Subsequent Events

On October 20, 2010, the Company completed a private placement offering of $300 million in aggregate principal amount of 7.625% Notes, due November 1, 2018 to several initial purchasers. The Notes were priced at 99.258% of par, resulting in a yield to maturity of 7.75%. The Notes were made available in a private offering that is exempt from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act") and are guaranteed by certain of the subsidiaries of the Company. The initial purchasers subsequently sold the Notes to qualified institutional buyers and to persons outside of the United States, as defined under the Securities Act. The private placement of the Notes resulted in net proceeds to the Company of approximately $293.2 million.

On November 1, 2010 the Company completed the acquisition of Superior Gunite, a California based privately held construction company specializing in pneumatically placed structural concrete and certain related companies (collectively, the "Acquired Entities"). Under the terms of the transaction, the Company acquired 100% of the stock of the Acquired Entities for a purchase price of $33.5 million in cash, subject to a post-closing adjustment based on the net worth of the Acquired Entities at closing, plus additional consideration in the form of an earn-out based on the Acquired Entities' fiscal 2011 through 2013 operating results.

On October 25, 2010 the Board of Directors declared a special cash dividend of $1.00 per share of Common Stock.

(14) Subsequent Events (continued)

The dividend is payable on November 12, 2010 to stockholders of record on November 4, 2010.

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

The following discusses our financial position at September 30, 2010, and the results of our operations for the three and nine month periods ended September 30, 2010, and should be read in conjunction with: (1) the unaudited consolidated condensed financial statements and notes contained herein, and (2) the consolidated financial statements and accompanying notes to our amended Annual Report on Form 10-K/A for the fiscal year ended December 31, 2009.

Overview

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

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

Our operating results for the three months ended September 30, 2010 reflect the execution of our strategy to increase focus on higher margin public works projects in our Civil and Building segments. Operating profit margins during the third quarter of 2010 have increased from the corresponding period in 2009, reflecting the shift in mix of our active projects. During 2010, we have an increasing number of projects under construction in our Civil segment, which has contributed to a growing share of income from construction operations and is reflected in both revenues and operating margins of this segment for both the three and nine months ended September 30, 2010. Our Building segment operating results reflect the substantial completion of large hospitality and gaming work in December 2009. Our Management Services segment continues its focus on new U.S. military work.

Recent Developments

Senior Notes Offering

On October 20, 2010, we completed a private placement offering of $300 million in aggregate principal amount of 7.625% senior unsecured notes (the "Notes"), due November 1, 2018 to several initial purchasers. The Notes were priced at 99.258% of par, resulting in a yield to maturity of 7.75%. The Notes were made available in a private offering that is exempt from the registration requirements of the Securities Act of 1933, as amended (the “Securities Act”) and are guaranteed by certain subsidiary guarantors. The initial purchasers subsequently sold the Notes to qualified institutional buyers and to persons outside of the United States, as defined under the Securities Act. The private placement of the Notes resulted in net proceeds of approximately $293.2 million to the Company.

Additionally on October 20, 2010 in connection with the private placement of the Notes, the Company, our subsidiaries and the initial purchasers of the Notes entered into a Registration Rights Agreement that requires the Company and our subsidiaries, among other things, to use their commercially reasonable efforts to file with the SEC a registration statement within 365 days with respect to an offer to exchange the Notes for a new issue of debt securities, with substantially identical terms registered under the Securities Act.

Amended Credit Facility

On October 20, 2010, an amendment to the Third Amended and Restated Credit Agreement (the "Amended Credit Agreement") became effective that provided for, among other things, (i) the permitted incurrence of the additional indebtedness under the issuance of the Notes, (as described in Note 14 of the Condensed Consolidated Financial Statements), (ii) the permitted incurrence of indebtedness under any preferred stock issued that provides for no mandatory cash payments, and no mandatory redemption or put rights until a date that is six months or more after the maturity date of the Amended Credit Agreement, (iii) modifications to certain covenants to permit our consummation of the issuance of the Notes, and (iv) certain other modifications to our financial covenants and certain other covenants.

MGM CityCenter Matter

In public statements, MGM asserted its intent to enter into settlement discussions directly with subcontractors under contract with us. As of September 30, 2010 MGM has reached agreements with subcontractors to settle at a discount approximately $107 million of amounts billed to MGM. We have reduced amounts included in revenues, cost of construction operations, accounts receivable and accounts payable for the reduction in subcontractor pass-through billings. At September 30, 2010 we had approximately $384 million recorded as contract receivables for amounts due and owed to us and our subcontractors. Included in our receivables are pass-through subcontractor billings for contract work and retention, and other requests for equitable adjustment for additional work in the amount of $271 million. Subsequent to September 30, 2010 MGM has reached agreements with subcontractors to settle approximately $81 million in additional amounts billed to MGM at a discount. As subcontractor pass-through billings are settled, we will reduce our mechanic's lien as appropriate. In the event MGM reaches additional settlements with subcontractors for amounts less than currently due and we agree to the settlement, we will reduce amounts included in revenues, cost of construction operations, accounts receivable and accounts payable for the reduction in subcontractor pass-through billings, which we would not expect to have an impact on recorded profit.

Acquisition of Superior Gunite

On November 1, 2010 we completed the acquisition of Superior Gunite, a California based privately held construction company specializing in pneumatically placed structural concrete and certain related companies (collectively, the "Acquired Entities"). Under the terms of the transaction, we acquired 100% of the stock of the Acquired Entities for a purchase price of $33.5 million in cash, subject to a post-closing adjustment based on the net worth of the Acquired Entities at closing, plus additional consideration in the form of an earn-out based on the Acquired Entities' fiscal 2011 through 2013 operating results. Superior Gunite was acquired because we believe it is a strong strategic fit, enabling us to achieve greater vertical integration by increasing the percentage of work we self-perform.

Special Dividend Declaration

On October 25, 2010 the Board of Directors declared a special cash dividend of $1.00 per share of Common Stock. The dividend is payable on November 12, 2010 to stockholders of record on November 4, 2010.

Common Stock Repurchase Program

On March 19, 2010, our Board of Directors extended the Common Stock repurchase program put into place on November 13, 2008. The program allows us to repurchase up to $100 million of our Common Stock through March

31, 2011. Under the terms of the program, we may repurchase shares in open market purchases or through privately negotiated transactions. The timing and amount of any repurchase will be based on our evaluation of market conditions, business considerations and other factors. We expect to use cash on hand to fund repurchases of our Common Stock. Stock repurchases will be conducted in compliance with the safe harbor provisions of Rule 10b-18 under the Securities Exchange Act of 1934, as amended. Repurchases also may be made under a 10b5-1 plan, which permits Common Stock to be repurchased when we would otherwise be prohibited from doing so under insider trading laws. The share repurchase program does not obligate us to repurchase any dollar amount or number of shares of our Common Stock, and the program may be extended, modified, suspended or discontinued at any time, at our discretion. During the three month period ended September 30, 2010 we repurchased 1,547,749 shares under the program for an aggregate purchase price of $28.2 million. During the nine months ended September 30, 2010 we repurchased 2,164,840 shares under the program for an aggregate purchase price of $39.4 million. There was $28.8 million remaining under the program as of September 30, 2010.

Backlog of $4.0 Billion

Our backlog of uncompleted construction work at September 30, 2010 was approximately $4.0 billion compared to $4.3 billion at December 31, 2009. Additions to new work during the third quarter of 2010 include a $300 million casino in New York, a $25 million power plant in California and a $23 million educational facilities project in Arizona. The decrease in our backlog reflects the fluctuations and timing of the completion of existing work and awards of new work between quarters. While our overall backlog decreased during the third quarter of 2010, we have pending awards and prospects for both public and private sector customers that could enter backlog in the near future.

(dollars in millions)	Backlog at December 31, 2009	New Business Awarded	Revenues Recognized	Backlog at September 30, 2010
Nine months ended				
Building	$ 3,125.8	$ 1,669.3	$ (1,870.1)	$ 2,925.0
Civil	1,001.5	369.9	(492.0)	879.4
Management Services	182.9	209.3	(149.2)	243.0
Total	$ 4,310.2	$ 2,248.5	$ (2,511.3)	$ 4,047.4

Critical Accounting Policies

Our significant accounting policies are described in Note 1 of Notes to Consolidated Financial Statements included in our amended Annual Report on Form 10-K/A for the fiscal year ended December 31, 2009. Our critical accounting policies are also identified and discussed in Item 7 of our amended Annual Report on Form 10-K/A for the fiscal year ended December 31, 2009. We have made no significant changes to these policies during the nine month period ended September 30, 2010.

Impairment of Goodwill and Other Intangible Assets - The Company’s annual impairment analysis determines the fair value of the Company and each of its reporting units based primarily on an income-based valuation approach with consideration also given to a market-based valuation approach. The implied control premium is calculated based on the fair value and the market capitalization at the date of our fair value assessment. In evaluating whether our implied control premium is reasonable, we consider a number of factors including the following more significant factors.

—Market control premium: We compare our implied control premium to the average control premium paid in transactions of companies in the construction industry during the year of evaluation.

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

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

As of the date of our most recent annual impairment analysis, the fair value of the Company substantially exceeded the carrying value of $1.3 billion and the market capitalization of $1.0 billion. Our implied control premium was within the range of market control premiums paid in transactions of companies in the construction industry during the year of evaluation. Based on our sensitivity analysis at that date, the minimum control premium required to recover the book value of the Company was substantially less than the average control premium paid in transactions of companies in the construction industry during the year of evaluation.

On a quarterly basis we consider whether events or changes in circumstances indicate that assets, including goodwill and intangible assets not subject to amortization might be impaired. In conjunction with this analysis, we evaluate whether our current market capitalization is less than our stockholders' equity and specifically consider (1) the duration and severity of any decline in market capitalization, (2) a reconciliation of the implied control premium to a current market control premium, (3) target price assessments by third party analysts and (4) how current market conditions impact our forecast of future cash flows. We also update our assessment of the fair value of each of our reporting units, considering whether our current forecast of future cash flows are in line with those used in our most recent annual impairment assessment and whether there are any significant changes in trends or any other material assumption used. As of September 30, 2010 we have concluded that we do not have an impairment indicator and that the estimated fair value of each reporting unit substantially exceeds its carrying value.

Critical Accounting Policies Update - In January 2010, the FASB issued a staff position amending existing guidance for fair value measurements and disclosures in both interim and annual financial statements. This update requires new disclosures on significant transfers of assets and liabilities between Level 1 and Level 2 of the fair value hierarchy (including the reasons for these transfers) and the reasons for any transfers in or out of Level 3. It also requires a reconciliation of recurring Level 3 measurements and clarifies certain existing disclosure requirements for reporting fair value disaggregated by class of assets and liabilities rather than each major category of assets and liabilities. This update is effective for us with the interim and annual reporting period beginning January 1, 2010, except for the requirement to provide the Level 3 activity of purchases, sales, issuances, and settlements on a gross basis, which will become effective for us with the interim and annual reporting period beginning January 1, 2011. We will not be required to provide the amended disclosures for any previous periods presented for comparative purposes. Other than requiring additional disclosures, adoption of this update has not and will not have a material effect on our consolidated financial statements.

Results of Operations

Our operating results decreased during the first nine months of 2010, compared to the same period in 2009, as a result of the substantial completion of large hospitality and gaming work during 2009 and the continued sluggishness in the overall economy. The first quarter of 2010 was the first full quarter of operating results following the completion of significant integration and organizational changes, initiated following our merger with Tutor-Saliba Corporation in 2008. These organizational changes have established a foundation for long-term success as a more diversified general contractor with greater emphasis on public works projects in our Civil segment and self-performing a greater level of work in our Building segment. The increase in operating profit margins during the third quarter of 2010 reflects the shift in mix of our active projects.

Comparison of the Third Quarter Ended September 30, 2010 with the Third Quarter Ended September 30, 2009

For the three months ended September 30, 2010, we recorded Revenues of $731.8 million, Income from Construction Operations of $50.0 million and Net Income of $30.9 million. Diluted earnings per common share were $0.65 for the third quarter of 2010, compared to $0.54 for the third quarter of 2009.

	Revenues for the Three Months Ended September 30,			
(dollars in millions)	2010	2009	$ Change	% Change
Building	$ 520.6	$ 1,017.8	$ (497.2)	(48.9%)
Civil	169.9	72.6	97.3	134.0%
Management Services	41.3	78.4	(37.1)	(47.3%)
Total	$ 731.8	$ 1,168.8	$ (437.0)	(37.4%)

Overall Revenues decreased by $437.0 million (or 37.4%), from $1,168.8 million in 2009 to $731.8 million in 2010. This decrease was due primarily to a $497.2 million (or 48.9%) decrease in our Building segment revenues, from $1,017.8 million in 2009 to $520.6 million in 2010, resulting from the substantial completion of large hospitality and gaming work during 2009, which contributed approximately $453.9 million of revenues to the Building segment during the three months ended September 30, 2009, as well as other declines in revenues in the private nonresidential building markets due to continued financing challenges facing some of our customers in our Building segment. Civil segment revenues increased by $97.3 million (or 134.0%), from $72.6 million in 2009 to $169.9 million in 2010, due to an increased number of projects under construction in the metropolitan New York area which were awarded during 2009. Management Services segment revenues decreased by $37.1 million (or 47.3%), from $78.4 million in 2009 to $41.3 million in 2010, due primarily to the substantial completion of U.S. military facilities in Iraq and an airport runway in Guam.

	Income from Construction Operations for the Three Months Ended September 30,			
(dollars in millions)	2010	2009	$ Change	% Change
Building	$ 28.2	$ 38.8	$ (10.6)	(27.3%)
Civil	27.3	6.3	21.0	333.3%
Management Services	2.9	8.5	(5.6)	(65.9%)
Corporate	(8.4)	(11.1)	2.7	24.3%
Total	$ 50.0	$ 42.5	$ 7.5	17.6%

Overall Income from Construction Operations increased by $7.5 million (or 17.6%), from $42.5 million in the third quarter of 2009 to $50.0 million in the third quarter of 2010, due primarily to an increase in our civil segment partially offset by decreases in our Building and Management Services segments. Civil segment income from construction operations increased by $21.0 million (or 333.3%), from $6.3 million in the third quarter of 2009 to $27.3 million in the third quarter of 2010, due primarily to the increase in revenues discussed above coupled with favorable performance on those projects. Building segment income from construction operations decreased by $10.6 million (or 27.3%), from $38.8 million in the third quarter of 2009 to $28.2 million in third quarter of 2010, due primarily to the substantial completion of large hospitality and gaming work during 2009. However, our Building segment achieved an increase in operating margin due to a higher mix of public works projects in 2010 and by increasing the amount of our self-performed work. Management Services income from construction operations decreased by $5.6 million (or 65.9%), from $8.5 million in the third quarter of 2009 to $2.9 million in the third quarter of 2010, due primarily to the decrease in revenues discussed above.

Consolidated Other Income, Interest Expense and Provision for Income Taxes

(dollars in millions)	September 30, 2010	September 30, 2009	$ Change	% Change
Three months ended				
Other Income (Expense), net	$ 0.4	$ 0.5	$ (0.1)	(20.0%)
Interest Expense	1.6	2.0	(0.4)	(20.0%)
Provision for Income Taxes	17.8	14.3	3.5	24.5%

On a consolidated basis, Other Income (Expense), net was comparable between periods with a decrease of $0.1 million (or 20.0%), from $0.5 million in the third quarter of 2009 to $0.4 million in the third quarter of 2010. Consolidated Interest Expense decreased by $0.4 million (or 20.0%), from $2.0 million in the third quarter of 2009 to $1.6 million in the third quarter of 2010. This decrease was primarily due to a reduction in borrowings under our credit facility during the third quarter of 2010 as compared to the third quarter of 2009. Our consolidated Provision for Income Taxes increased by $3.5 million (or 24.5%), from $14.3 million in the third quarter of 2009 to $17.8 million in the third quarter of 2010, due primarily to the increase in pretax income between the periods.

Comparison of the Nine Months Ended September 30, 2010 with the Nine Months Ended September 30, 2009

For the nine months ended September 30, 2010, we recorded Revenues of $2,511.3 million, Income from Construction Operations of $140.0 million and Net Income of $84.6 million. Diluted earnings per common share were $1.73 for the first nine months of 2010, compared to $2.13 for the first nine months of 2009.

	Revenues for the Nine Months Ended September 30,			
(dollars in millions)	2010	2009	$ Change	% Change
Building	$ 1,870.1	$ 3,576.7	$ (1,706.6)	(47.7%)
Civil	492.0	259.2	232.8	89.8%
Management Services	149.2	233.9	(84.7)	(36.2%)
Total	$ 2,511.3	$ 4,069.8	$ (1,558.5)	(38.3%)

Overall Revenues decreased by $1,558.5 million (or 38.3%), from $4,069.8 million in 2009 to $2,511.3 million in 2010. This decrease was due primarily to a $1,706.6 million decrease in our Building segment revenues, from $3,576.7 million in 2009 to $1,870.1 million in 2010, resulting from the substantial completion of the large hospitality and gaming work during 2009, which contributed approximately $1,809.8 million of revenues to the Building segment during the nine months ended September 30, 2009, as well as other declines in revenues in the private nonresidential building markets due to continued financing and economic challenges arising from the current state of the global economy. Civil segment revenues increased by $232.8 million (or 89.8%), from $259.2 million in 2009 to $492.0 million in 2010, due to an increased number of projects under construction in the metropolitan New York area which were awarded during 2009. Management Services segment revenues decreased by $84.7 million (or 36.2%), from $233.9 million in 2009 to $149.2 million in 2010, due primarily to the completion of several overhead coverage system projects in Iraq and an airport facility in Guam.

(dollars in millions)	Income from Construction Operations for the Nine Months Ended September 30, 2010	2009	$ Change	% Change
Building	$ 90.2	$ 120.2	$ (30.0)	(25.0%)
Civil	65.3	40.7	24.6	60.4%
Management Services	12.9	38.4	(25.5)	(66.4%)
Corporate	(28.4)	(30.4)	2.0	6.6%
Total	$ 140.0	$ 168.9	$ (28.9)	(17.1%)

Overall Income from Construction Operations decreased by $28.9 million (or 17.1%), from $168.9 million in 2009 to $140.0 million in 2010, due primarily to decreases in our Building and Management Services segments. Building segment income from construction operations decreased by $30.0 million (or 25.0%), from $120.2 million in 2009 to $90.2 million in 2010, due primarily to the substantial completion of large hospitality and gaming work during 2009. However, our Building segment achieved an increase in operating margin due to a higher mix of public works projects in 2010 and by increasing the amount of our self-performed work. Civil segment income from construction operations increased by $24.6 million (or 60.4%), from $40.7 million in 2009 to $65.3 million in 2010, due primarily to the increase in revenues discussed above coupled with favorable performance on those projects. Management Services income from construction operations decreased by $25.5 million (or 66.4%), from $38.4 million 2009 to $12.9 million in 2010, due primarily to the decrease in revenues discussed above and favorable performance achieved in 2009 upon substantial completion of several overhead coverage system projects in Iraq.

Consolidated Other Income, Interest Expense and Provision for Income Taxes

(dollars in millions)	September 30, 2010	September 30, 2009	$ Change	% Change
Nine months ended				
Other Income (Expense), net	$ (0.4)	$ 2.4	$ (2.8)	(116.7%)
Interest Expense	6.4	6.1	0.3	4.9%
Provision for Income Taxes	48.6	60.6	(12.0)	(19.8%)

On a consolidated basis, Other Income (Expense), net decreased by $2.8 million (or 116.7%), from income of $2.4 million in 2009 to expense of $0.4 million in 2010, primarily resulting from a decrease in interest income on our cash investments due to a lower average investment balance during 2010 as compared to 2009 and a charge recorded in 2010 to adjust a business acquisition related payable to its present value. In addition, amortization of deferred debt increased due to costs related to the amendment of our credit agreement in January 2010. Consolidated Interest Expense increased by $0.3 million (or 4.9%), from $6.1 million in 2009 to $6.4 million in 2010, primarily due to non-cash interest recorded in 2010 associated with adjusting our mineral royalties payable to its present value, partly offset by a non-recurring interest charge recorded in 2009 and a reduction in interest expense by not borrowing under our credit facility during 2010 as compared to 2009. Our consolidated Provision for Income Taxes decreased by $12.0 million (or 19.8%), from $60.6 million in 2009 to $48.6 million in 2010, due primarily to the decrease in pretax income in the first nine months of 2010 as compared to the first nine months of 2009.

Liquidity and Capital Resources

Cash and Working Capital

At September 30, 2010 and December 31, 2009, cash held by us and available for general corporate purposes was $193.2 million and $323.9 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 $19.9 million and $24.4 million at September 30, 2010 and December 31, 2009, respectively, and our Restricted Cash was $23.5 million and $0.0 million at September 30, 2010 and December 31, 2009, respectively.

A summary of cash flows for each of the nine month periods ended September 30, 2010 and 2009 is set forth below:

	Nine Months Ended September 30,
(dollars in millions)	