

TUTOR PERINI Corp
Form 10-Q
May 06, 2011

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 March 31, 2011

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
(State or other jurisdiction of incorporation or organization)

04-1717070
(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 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

Edgar Filing: TUTOR PERINI Corp - Form 10-Q

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

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 May 2, 2011 was 47,122,926.

TUTOR PERINI CORPORATION AND SUBSIDIARIES

INDEX

		Page Number
Part I. - Financial Information:		
Item 1.	Financial Statements	
	<u>Consolidated Condensed Balance Sheets – March 31, 2011 (unaudited) and December 31, 2010 (unaudited)</u>	3
	<u>Consolidated Condensed Statements of Operations – Three Months ended March 31, 2011 and 2010 (unaudited)</u>	4
	<u>Consolidated Condensed Statement of Stockholders’ Equity – Three Months ended March 31, 2011 (unaudited)</u>	5
	<u>Consolidated Condensed Statements of Cash Flows – Three Months ended March 31, 2011 and 2010 (unaudited)</u>	6
	<u>Notes to Consolidated Condensed Financial Statements</u>	7 – 28
Item 2.	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	29 – 35
Item 3.	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	35
Item 4.	<u>Controls and Procedures</u>	35
Part II. - Other Information:		
Item 1.	<u>Legal Proceedings</u>	36
Item 1A.	<u>Risk Factors</u>	36
Item 2.	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	36
Item 3.	<u>Defaults Upon Senior Securities</u>	36
Item 4.	<u>(Removed and Reserved)</u>	36
Item 5.	<u>Other Information</u>	36
Item 6.	<u>Exhibits</u>	36 – 37
	<u>Signatures</u>	38

Index

Part I. – Financial Information

Item 1. Financial Statements

TUTOR PERINI CORPORATION AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS (UNAUDITED)
MARCH 31, 2011 AND DECEMBER 31, 2010
(In Thousands, except Share Data)

	MARCH 31, 2011	DECEMBER 31, 2010
ASSETS		
Cash and Cash Equivalents	\$ 367,106	\$ 471,378
Restricted Cash	28,008	23,550
Accounts Receivable, including retainage	911,172	880,614
Costs and Estimated Earnings in Excess of Billings	172,540	139,449
Deferred Income Taxes	3,782	3,737
Other Current Assets	35,372	42,314
Total Current Assets	1,517,980	1,561,042
Long-term Investments	88,129	88,129
Property and Equipment (net of Accumulated Depreciation of \$87,162 in 2011 and \$79,942 in 2010)	373,450	362,437
Other Assets:		
Goodwill	651,429	621,920
Intangible Assets, net	151,081	132,551
Other	15,644	13,141
	\$ 2,797,713	\$ 2,779,220
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Maturities of Long-term Debt	\$ 14,217	\$ 21,334
Accounts Payable, including retainage	597,659	653,542
Billings in Excess of Costs and Estimated Earnings	235,873	199,750
Accrued Expenses	93,844	93,488
Total Current Liabilities	941,593	968,114
Long-term Debt, less current maturities	408,179	374,350
Deferred Income Taxes	78,716	79,082
Other Long-term Liabilities	45,625	44,680
Contingencies and Commitments		
Stockholders' Equity:		
Common Stock - \$1 par value: 75,000,000 shares authorized; Shares issued and outstanding: 47,122,926 and 47,089,593, respectively	47,123	47,090

Edgar Filing: TUTOR PERINI Corp - Form 10-Q

Additional Paid-in Capital	989,013	985,413
Retained Earnings	323,460	316,531
Accumulated Other Comprehensive Loss	(35,996)	(36,040)
Total Stockholders' Equity	1,323,600	1,312,994
	\$ 2,797,713	\$ 2,779,220

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

Index

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

	THREE MONTHS ENDED MARCH 31,	
	2011	2010
Revenues	\$ 615,289	\$ 865,075
Cost of Operations	552,826	788,942
Gross Profit	62,463	76,133
General and Administrative Expenses	43,950	41,976
INCOME FROM CONSTRUCTION OPERATIONS	18,513	34,157
Other Income (Expense), net	(447)	345
Interest Expense	(7,155)	(1,521)
Income before Income Taxes	10,911	32,981
Provision for Income Taxes	(3,982)	(12,048)
NET INCOME	\$ 6,929	\$ 20,933
BASIC EARNINGS PER COMMON SHARE	\$ 0.15	\$ 0.43
DILUTED EARNINGS PER COMMON SHARE	\$ 0.14	\$ 0.42
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:		
BASIC	47,100	49,025
Effect of Dilutive Stock Options and Restricted Stock Units Outstanding	762	337
DILUTED	47,862	49,362

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

Index

TUTOR PERINI CORPORATION AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENT OF STOCKHOLDERS' EQUITY (UNAUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2011
(In Thousands)

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total
Balance - December 31, 2010	\$47,090	\$985,413	\$316,531	\$ (36,040)	\$1,312,994
Net Income	-	-	6,929	-	6,929
Other comprehensive income (loss):					
Foreign currency translation	-	-	-	44	44
Total comprehensive income					6,973
Tax effect of stock-based compensation	-	18	-	-	18
Stock-based compensation expense	-	3,615	-	-	3,615
Issuance of Common Stock, net	33	(33)	-	-	-
Balance - March 31, 2011	\$47,123	\$989,013	\$323,460	\$ (35,996)	\$1,323,600

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

Index

TUTOR PERINI CORPORATION AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS (UNAUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2011 AND 2010
(In Thousands)

	THREE MONTHS ENDED MARCH 31,	
	2011	2010
Cash Flows from Operating Activities:		
Net Income	\$ 6,929	\$ 20,933
Adjustments to reconcile Net Income to net cash from operating activities:		
Depreciation and amortization	8,043	8,030
Stock-based compensation expense	3,615	3,909
Excess income tax benefit from stock-based compensation	(18)	-
Deferred Income Taxes	(411)	(1,137)
Loss on sale of equipment	596	-
Other Long-term Liabilities	(243)	(4,089)
Other non-cash items	64	(57)
Changes in other components of working capital	(66,229)	(87,880)
NET CASH USED IN OPERATING ACTIVITIES	(47,654)	(60,291)
Cash Flows from Investing Activities:		
Acquisition of Fisk Electric Company, net of cash balance acquired	(70,620)	-
Business acquisition related payments	(3,000)	-
Acquisition of Property and Equipment	(8,932)	(4,188)
Proceeds from sale of Property and Equipment	893	573
Proceeds from sale of available-for-sale securities	-	375
Change in Restricted Cash	(8)	(23,523)
Investment in other activities	-	285
NET CASH USED IN INVESTING ACTIVITIES	(81,667)	(26,478)
Cash Flows from Financing Activities:		
Proceeds from Debt	58,175	4,664
Repayment of Debt	(33,119)	(7,910)
Excess income tax benefit from stock-based compensation	18	-
Issuance of Common Stock and effect of cashless exercise	-	(203)
Debt issuance costs	(25)	(1,164)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	25,049	(4,613)
Net Decrease in Cash and Cash Equivalents	(104,272)	(91,382)
Cash and Cash Equivalents at Beginning of Year	471,378	348,309
Cash and Cash Equivalents at End of Period	\$ 367,106	\$ 256,927
Supplemental Disclosure of Cash Paid During the Period For:		
Interest	\$ 1,091	\$ 1,197

Edgar Filing: TUTOR PERINI Corp - Form 10-Q

Income taxes	\$ 1,296	\$ 366
Supplemental Disclosure of Non-cash Transactions:		
Property and Equipment acquired through financing arrangements	\$ 1,604	\$ 4,754
Property and Equipment additions accrued in accounts payable	\$ 3,331	\$ -
Grant date fair value of common stock issued for services	\$ 717	\$ 15,263

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

Index

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 (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 Annual Report on Form 10-K for the year ended December 31, 2010. 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 March 31, 2011 and December 31, 2010, results of operations for the three months ended March 31, 2011 and 2010, and cash flows for the three months ended March 31, 2011 and 2010. The results of operations for the three months ended March 31, 2011 may not be indicative of the results that may be expected for the year ending December 31, 2011 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 Annual Report on Form 10-K for the year ended December 31, 2010. The Company has made no significant changes to these policies during 2011.

(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 March 31, 2011 and December 31, 2010, Cash and Cash Equivalents and Restricted Cash consisted of the following (in thousands):

	March 31, 2011	December 31, 2010
Corporate Cash and Cash Equivalents	\$ 338,880	\$ 455,464
Company's share of joint venture Cash and Cash Equivalents	28,226	15,914
Total Cash and Cash Equivalents	\$ 367,106	\$ 471,378
Restricted Cash	\$ 28,008	\$ 23,550

Index

TUTOR PERINI CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

(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 March 31, 2011 and December 31, 2010 (in thousands):

	Fair Value Measurements at March 31, 2011 Using			
	Total Carrying Value at March 31, 2011	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Cash and Cash Equivalents (1)	\$367,106	\$367,106	\$-	\$ -
Restricted Cash (1)	28,008	28,008	-	-
Short-term Investments (2)	29	29	-	-
Long-term Investments – Auction rate securities (3)	88,129	-	-	88,129
Total	\$483,272	\$395,143	\$-	\$ 88,129

	Fair Value Measurements at December 31, 2010 Using			
	Total Carrying Value at December 31, 2010	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Cash and cash equivalents (1)	\$471,378	\$471,378	\$-	\$ -
Restricted cash (1)	23,550	23,550	-	-
Short-term investments (2)	28	28	-	-
Long-term Investments – Auction rate securities (3)	88,129	-	-	88,129
Total	\$583,085	\$494,956	\$-	\$ 88,129

-
- (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 March 31, 2011 and December 31, 2010, the Company had \$88.1 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 March 31, 2011, are in securities collateralized by student loan portfolios, totaling \$67.9 million, which are guaranteed by the U.S. government. Additional amounts totaling \$12.2 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. Most of the Company’s ARS are rated AAA or AA. 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.

Index

TUTOR PERINI CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

(4)