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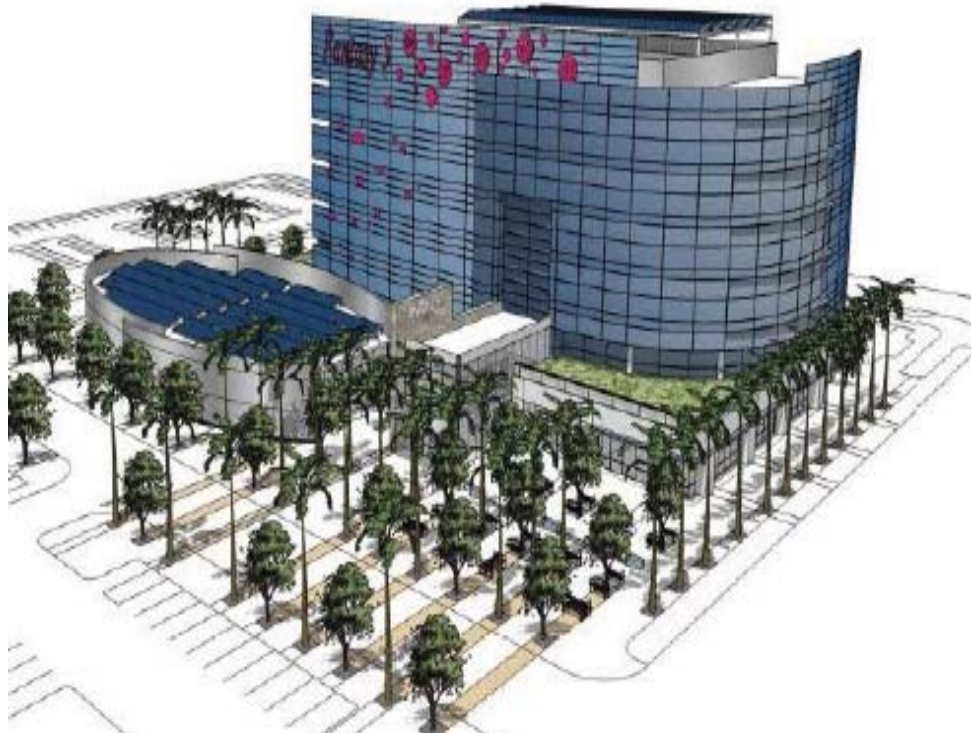
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CALIFORNIA STATE LOTTERY HEADQUARTERS

Otto Construction was selected from 14 companies to build the new California State Lottery Headquarters Building. Integrated Project Delivery (IPD) is a key factor in the success of this project. This model requires collaboration of all team members at the project's inception and coordinating pull scheduling and Building Information Modeling (BIM). Otto immediately began working with LPAS (Lottery's architect), engineering consultants, and key trade partners making early decisions about the design and sustainability of the building. After completing demolition on the site this winter, notice to proceed with construction was given on February 16, 2010. The project is scheduled to be complete in the summer of 2011.

- Broken down by numbers: 155,000 square feet, 6 stories high, 1,500 tons of structural steel, 71,000 square feet of exterior curtain wall.
- Green Features: Energy efficient and environmental sensitive measures are important to the California State Lottery. Green features include vegetated roofs, solar panels, daylight harvesting, a 125 kw photovoltaic system, and automatic window coverings that adjust to reduce sun glare or heat.
- Project Team: Mike Feuz, Principal; Carl Barrett, Project Director, Rusty Phillips and Karen Brown, Project Managers; Kent Bartelt, Superintendent, Ron Guenza, Senior Estimator, and Tom Edwards and Dave Eraut, Project Engineers.



SAFETY UPDATE

Carl Barrett, VP/Operations, oversees the Safety Committee for Otto Construction. He is supported by Robert Ussery Committee Chair, along with very active members: Debora Fee, John Hayward, Rusty Phillips, Steve Van Someren, Jackie Senf, Tim Crutchley, Dennis Buskirk, and Dennis Bell. The Safety Committee meets once a month and is actively involved with improvements to our safety program to include the Otto Construction's main and site specific incentive programs, project job walks and audits by committee members, and other items of interest such as safety training. For 2009, Otto Construction had three reportable accidents including one lost time accident. Currently, Otto Construction is accident free for 2010 and, in fact, has had eight consecutive months of accident free construction.

Training scheduled for the first half of 2010 includes: CPR/First Aid; CAL OSHA 10 & 30 Hour; and the new SWPPS General Permit Requirements.

It is critical to the success of Otto Construction that we not only maintain our excellent safety record and the standards we have built up over the years but to improve our overall awareness and effectiveness through continued training of supervision and work crews.

BY THE NUMBERS

370 Days since last Lost Time Accident, that's 234,407 hours of safe work!

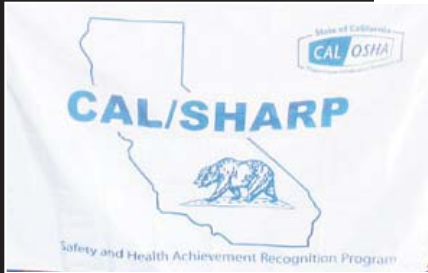
250 Days since last Recordable Accident, that's 144,623 hours of safe work!

GOALS SET BY OUR INDUSTRY (2009)

	Accidents	Hours
Lost Time	1.5	200,000
Recordable	5.0	200,000

OTTO'S TOTALS

Lost time	1.0	227,959
Recordable	3.0	228,959



Otto Construction is the recipient of the 2009 CAL/OSHA Safety and Health Achievement Recognition Program (SHARP) Award.

NOTES FROM THE CORNER OFFICE

Welcome to the newest incarnation of the Otto Construction newsletter for our friends and family. There's been a lot of activity around here and we want to share all the great experiences we have with our projects, our community and our people. Last year we were proud to announce our twenty fifth LEED Accredited Professional and we continue to strengthen our commitment to sustainable building and our long-standing participation in the USGBC. We are focusing on the development of our staff and the upgrading of our systems to allow us to expand the use of BIM and Lean Construction principles to even more of our projects. We have recently upgraded our hardware and software systems in accounting, estimating and operations and have instituted a comprehensive development program for all our employees.

I'm pleased to announce that on March 23, we will be celebrating the grand opening of our new office location in Monterey. After working in the region for nearly 15 years, primarily at the Community Hospital of the Monterey Peninsula, we are proud to call Monterey our second home. Having spent a few of those years working at our Monterey office myself, I know that we have a great team there and they

are all committed to continuing our dedication to customer service and quality construction in the Tri-County area. We've picked up a number of projects and new clients and I welcome them to the Otto Construction family.

These are tough times in the construction industry. We are fortunate to have a solid financial foundation and a strong and growing backlog of work for our top-notch team of construction professionals. A few of those projects are highlighted in this newsletter. Most recently, Sonoma Valley Hospital announced our selection as the design/build general contractor for their Facilities Improvement Project which includes a new central utility plant, new emergency room and structural upgrades. I can attribute a lot of our good fortune to living by the principles of our founder, John F. Otto, who charged us "to provide the greatest possible service to our customers, our community and the construction industry with integrity, good construction and sound business practices." We maintain that same approach through the exciting times of a booming market and the challenging times of a slow economy.



First Quarter 2010

EMPLOYEE FOCUS: ROBERT USSERY



Robert started in the construction industry in 1988 as an apprentice carpenter. His proven field experience and coordination and supervision skills resulted in promotions to foreman in 1994, and to field superintendent in 1997. In his current position as superintendent, Robert emphasizes teamwork among his crew and subcontractors. Robert has been with Otto Construction for over 20 years. Robert's favorite things about working at Otto Construction are working with great group of people and building positive working relationships and friendships.

Last summer, Robert finished the construction of the CSU Chico Wildcat Recreation Center. This \$45 million CM@Risk project has been submitted for LEED Gold with the United State Green Building Council. This will be the second LEED Gold rated project for Otto Construction. (The first was the Oak Park Community Center completed in 2009). Robert's leadership steered the team to an on-time, under-budget project. At the conclusion of this project, owner representative David Buckley, Director/Associated Students, CSU

Chico stated about Robert: "He deserves many kudos and thunderous accolades."

Robert's recent project experience includes the following: CSU Chico Wildcat Recreation Center; Sacramento City College Parking Structure, Hughes Stadium Upgrades, and Police Services Building; City of Vacaville Police Department Headquarters; and Rolling Hills Casino in Corning. Robert is Chair of the Safety Committee at Otto and also serves on the Business Development Committee.

Robert has been married for almost twenty years to Maryette. He has two sons, Joseph who is 20 and an apprentice carpenter, and Clayton who just turned 18 and is a senior at Marysville High school. Robert enjoys traveling, fishing, cooking, golfing, and coaching youth sports.

OTTO IN THE COMMUNITY

Otto Construction is pleased to participate in a variety of community events to show support for local agencies and to also build employee teamwork. In November, we put a team together to walk in the Annual Run to Feed the Hungry event which benefits the Sacramento Food Bank and Family Services. This was our first year participating in this walk and we hope to make an even bigger presence in 2010. Otto Construction has been a long time supporter of the Sacramento Food Bank and built their Community Learning Center in North Sacramento in 2004. This facility provides computer labs, counseling, and after school programs to those in need.

In December, Otto Construction dismantled the Christmas Can Tree at Country Club Plaza. Each holiday season these displays are erected to promote canned food drives around the city. Once the drives are complete, the cans are boxed and delivered to local shelters to provide meals and groceries to the homeless. We have worked on the Can Tree Drive with the California Association of Realtors nearly each holiday season over the last twenty years.

Otto Construction also participated in the Diabetes Walk in Monterey. Our staff has been very active in the Monterey area since we started working there in 1996.





PROJECT UPDATES



Agricultural Services Building, Salinas

- This project includes existing office space renovation, new building addition, and a pre-engineering steel warehouse.
- The building houses the Agricultural Commission and staff, who are responsible for \$3.8 billion/year in produce (largest in the world).

Current status: Construction will be complete first quarter 2010.

K Street/St. Rose of Lima Park, Sacramento

- The project includes pedestrian mall improvements and light rail station relocation.
- The unique water feature includes underground vaults containing pumps, filters, surge tanks, and show panels.

Current status: Construction will be complete in May.



Ebner/Empire Bldg. Reconstruction, Old Sac

- When complete, this building will replicate the original 1856 hotel.
- Improvements include ground floor parking, first floor retail & restaurant, second & third floor executive office space.

Current status: parking garage is complete, shoring is in place, masonry block is up to the third floor.

Feather River Hospital Expansion, Paradise

- This project consists of four phases.
- Phase two, which is a two-story wood framed building that ties to the existing hospital on both floors, is under construction.

Current status: crews are set to begin plastering the exterior of the new structure. Upcoming projects include the new Emergency Department.

