

MICHAEL BAKER CORP  
Form 11-K  
June 01, 2012

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D. C. 20549**

**FORM 11-K**

**ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES**  
**EXCHANGE ACT OF 1934**

**For the fiscal year ended December 31, 2011**

**Commission file number 1-6627**

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

**Baker 401(k) Plan**

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

**Michael Baker Corporation**

**Airside Business Park**

**100 Airside Drive**

**Moon Township, PA 15108**



**BAKER 401(k) PLAN**

Financial Statements as of and for the years ended December 31, 2011 and 2010, Supplemental Schedule as of December 31, 2011 and Report of Independent Registered Public Accounting Firm

**BAKER 401(k) PLAN**

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

**To the Trustees and Participants of**

**Baker 401(k) Plan**

**Moon Township, Pennsylvania**

We have audited the accompanying statements of net assets available for benefits of the Baker 401(k) Plan (the Plan ) as of December 31, 2011 and 2010, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2011 and 2010, and the changes in net assets available for benefits for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets (held at end of year) as of December 31, 2011 is presented for the purpose of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by the Department of Labor s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This schedule is the responsibility of the Plan s management. Such schedule has been subjected to the auditing procedures applied in our audit of the basic 2011 financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

/s/ Deloitte & Touche LLP

Pittsburgh, Pennsylvania

June 1, 2012

**BAKER 401(k) PLAN****Statements of Net Assets Available for Benefits**

<b>ASSETS</b>	As of December 31,	
	2011	2010
Cash	\$ 187,466,930	\$
Contributions receivable	751,379	
Investments at fair value:		
Investments in common stock of Michael Baker Corporation	18,779,035	29,219,135
Investments in mutual funds and money market funds	50,439,654	224,510,322
Investments in common-collective trust fund	4,762,168	1,829,063
<i>Total investments</i>	<b>73,980,857</b>	255,558,520
Notes receivable from participants	2,794,419	2,261,209
<i>Total assets</i>	<b>264,993,585</b>	257,819,729
<i>Net assets available for benefits at fair value</i>	<b>264,993,585</b>	257,819,729
<i>Adjustment from fair value to contract value for fully benefit-responsive investment contracts</i>	<b>(117,453)</b>	(14,872)
<i>Net assets available for benefits</i>	<b>\$ 264,876,132</b>	\$ 257,804,857

*The accompanying notes are an integral part of the financial statements.*

**BAKER 401(k) PLAN****Statements of Changes in Net Assets Available for Benefits**

	For the years ended December 31,	
	2011	2010
<b>Additions/(reductions) to net assets attributed to</b>		
Investment income/(loss)		
Interest and dividends	\$ 6,544,605	\$ 4,437,724
Net (depreciation)/appreciation in fair value of investments	(23,490,411)	12,802,923
<i>Total investment (loss)/income</i>	<b>(16,945,806)</b>	17,240,647
Participant contributions	16,475,125	14,145,638
Participant rollovers	2,309,534	1,394,226
Employer contributions	6,317,643	5,999,504
<i>Total contributions</i>	<b>25,102,302</b>	21,539,368
<i>Total additions</i>	<b>8,156,496</b>	38,780,015
<b>Deductions from net assets attributed to:</b>		
Participant withdrawals	29,102,231	37,588,509
Administrative fees	30,301	44,212
<i>Total deductions</i>	<b>29,132,532</b>	37,632,721
Transfers from other plans (Note 1)	<b>28,047,311</b>	
<i>Net increase in net assets</i>	<b>7,071,275</b>	1,147,294
<i>Net assets available for benefits, beginning of year</i>	<b>257,804,857</b>	256,657,563
<i>Net assets available for benefits, end of year</i>	<b>\$ 264,876,132</b>	\$ 257,804,857

*The accompanying notes are an integral part of the financial statements.*

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**BAKER 401(k) PLAN**

**Notes to Financial Statements**

**December 31, 2011 and 2010**

**1. Description of the Plan**

*General*

The following description of the Baker 401(k) Plan (the "Plan") is provided for general information purposes only. Participants should refer to the Plan agreement for more complete information.

The Plan is a defined contribution plan that provides all eligible employees of Michael Baker Corporation and subsidiaries (the "Company") with an opportunity to accumulate additional retirement benefits as well as invest in the Company's stock. The Plan is subject to provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). Full-time employees are eligible to join the Plan immediately upon the date of hire. Part-time and temporary employees are required to work 1,000 hours, during their first year of employment or any calendar year thereafter, before becoming eligible to join the plan.

*Change in Participants Related to Divestiture and Acquisition*

On May 3, 2010, the Company entered into a Stock Purchase Agreement ("SPA") to acquire 100% of the outstanding shares of The LPA Group Incorporated and substantially all of its subsidiaries and affiliates ("LPA"). Effective January 1, 2011, approximately 460 LPA participants were transferred into the Plan, with approximately \$28.0 million in LPA 401(k) plan assets transferred into the Plan on January 3, 2011.

On June 6, 2011, a variable interest entity, for which the Company is the primary beneficiary, entered into a SPA to acquire 100% of the outstanding shares of JMA Architects, Inc. ("JMA"). Effective September 7, 2011, approximately 34 JMA employees were added to the Company's Plan, with approximately \$0.4 million in JMA 401(k) plan assets rolled over into the Company's Plan.

On October 3, 2011, the Company entered into a SPA to acquire 100% of the outstanding shares of RBF Consulting ("RBF"). The employees of RBF remained in the legacy RBF 401(k) Plan as of December 31, 2011 and are expected to be transitioned to the Company's 401(k) Plan on August 1, 2012. The fair market value of all RBF 401(k) Plan investments was \$88.4 million as of December 31, 2011.

*Participant Accounts*

Each participant's account is credited with the participant's contributions and allocations of the Company's contributions and Plan earnings and charged with an allocation of plan losses and certain administrative fees. Allocations are based on participant earnings or account balances, as defined by the Plan. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

*Contributions*

Participants contribute to the Plan through a Section 401(k) Employee Salary Redirection Election. During 2011 and 2010, participants were able to choose to contribute up to the lower of 75 percent of their salaries (including commissions and overtime) or the annual limitation of \$16,500, which was established by the Internal Revenue Service ("IRS"). The maximum amount of a participant's salary, which may be eligible for withholding for any Plan year, could not exceed \$245,000 in both 2011 and 2010. The Plan also allows participants to roll over funds from a previous employer's tax-qualified plan or tax-qualified individual retirement account. All employees who are eligible to make deferred contributions under this Plan and who have attained age 50 before the close of the plan year shall be eligible to make catch-up contributions in accordance with and subject to the limitations established by the IRS.



### ***Company Matching Contributions***

From January 1, 2011 through May 15, 2011 and for all of 2010, under provisions of the Plan, the Company made matching contributions to the participants' accounts in the amount of 100 percent of the first 3 percent of eligible salary and 50 percent on the next 3 percent of eligible salary (including commissions but excluding overtime) contributed by each participant. As part of a cost reduction program implemented by the Company during 2011, beginning on May 16, 2011 and ending on December 31, 2011, the Company's incremental 50 percent match on the next 3 percent of eligible salary was temporarily suspended. The Company continued to make a matching contribution to participants' accounts in the amount of 100 percent of the first 3 percent of eligible salary.

Of the Company's matching contributions, 25 percent was invested in the Company's common stock in 2011 and 2010. The remaining 75 percent was invested in accordance with the participant's investment elections for participant contributions. Once a participant becomes fully vested in the Company's matching contributions, the balance will be invested in accordance with the participant's investment elections.

The Company's Board of Directors is authorized to make additional discretionary contributions to the Plan. No discretionary contributions were made for 2011 or 2010.

### ***Vesting***

Participants are vested immediately in their contributions plus actual earnings thereon. All amounts in the participants' Plan accounts that are attributable to the transfer of funds from a previously terminated retirement plan, the rollover from a previous employer's tax-qualified plan or individual retirement account, and participant contributions are 100 percent vested and nonforfeitable at all times.

All of the Company's matching and discretionary contributions will become 100 percent vested upon attainment of three years of service with the Company or earlier, upon attainment of normal retirement date, disability or death. If a participant ceases employment with the Company before attaining a vested interest in the Company's matching contributions, he or she will forfeit those contributions and those contributions will be used to reduce the Company's future matching contributions. Forfeitures of the Company's discretionary contributions by employees ceasing employment with the Company before attaining a vested interest are reallocated to the remaining participants.

### ***Distributions***

The Plan provides for distribution of benefits upon retirement, total and permanent disability, death, or termination of employment for any other reason. The amount of distributions that a participant, or his or her beneficiary is entitled to, is based on the vesting requirements discussed above. All distributions will be made in the form of a single, lump-sum distribution or in substantially equal annual installments over a period not exceeding ten years. In the case of termination, if the participant's account is \$5,000 or less, the participant's account shall be paid in a lump sum, without the participant's consent, as soon as practicable. For participant accounts invested in the Company's common stock, distributions may be made in cash and/or shares of common stock, at the discretion of the participant. As a one-time option, participants may apply for a withdrawal of up to 50 percent of their vested account balance for certain limited situations qualifying as financial hardships under IRS guidelines in effect at the time of the withdrawal. Participants who have attained age 59-1/2 may withdraw all or part of his or her capital accumulation from the Plan in a lump sum. The minimum in-service withdrawal amount is the lesser of \$2,500 or the balance of the Participant's capital accumulation.

### ***Notes Receivable from Participants***

A participant may borrow money from the portion of his or her account attributable to his or her own 401(k) plan contributions and vested employer contributions. The participant is allowed one outstanding loan that may be obtained for any reason. Loan amounts shall not exceed the lesser of: (a) the greater of \$10,000 or 50 percent of the participant's vested account balance, including rollovers, (b) \$50,000 adjusted for pre-existing loans settled in the last 12 months, or (c) such amount as may be determined by the Plan administrator. All loans will be drawn against the participant's account among the respective investment options as directed, and are secured by the assets within the participant's accounts. The maximum term of a loan shall be 5 years, unless the loan is used to acquire, construct, reconstruct or substantially rehabilitate any dwelling unit which within a reasonable time is to be used as the principal residence of the Participant, in which case the maximum term of the loan shall be fifteen years. Interest rates applicable to Plan loans are typically the Prime rate, as published in the Wall Street Journal, plus one percent, at the time the loan is made. Interest rates may be capped for certain Plan participants on military leave. Principal and interest payments are paid ratably and are generally repaid by payroll deduction. Interest rates on outstanding notes receivable ranged from 4.25 percent to 10.50 percent as of December 31, 2011.

### ***Transfers***

Transfers occur when the Company acquires a new business and the existing assets of the plan(s) of the acquired company are legally moved into the Plan.

### ***Forfeited Accounts***

For the years ended December 31, 2011 and 2010, forfeited non-vested accounts totaled \$754,132 and \$591,885, respectively. Forfeited non-vested account balances are used to reduce future employer matching contributions. Also in 2011 and 2010, employer contributions were reduced by \$575,480 and \$621,823, respectively, as a result of forfeited non-vested accounts. As of December 31, 2011 and 2010, forfeiture credit balances totaled \$221,030 and \$513, respectively. The forfeiture credit balance will be used to reduce future employer contributions.

### ***Common Stock***

The Plan enables participating employees to acquire an equity interest in the Company; as such, contributions to the Plan can be invested in the Company's common stock. The Plan's investment in the Company's common stock comprised 957,578 shares (cost of \$17,236,285) and 939,481 shares (cost of \$16,083,522) as of December 31, 2011 and 2010, respectively. Participants have the ability to divest themselves of the Company's common stock acquired via the Company's matching contributions after they are vested.

### ***Investment Options***

Each participant may direct Fidelity Investments Institutional Services Company, Inc. ( Fidelity ) to invest certain portions of his or her account in investment funds. Investment funds available to participants are as follows:

Michael Baker Common Stock Fund Invests in common stock of the Company.

PIMCO Total Return Fund Institutional Class Invests in all types of bonds, including U.S. government, corporate, mortgage and foreign.

Fidelity Growth Company Fund Class K Invests primarily in common stocks.

American Funds The Growth Fund of America Class R6 A diversified portfolio consisting primarily of common stocks.

Fidelity Retirement Money Market Portfolio Primarily invests in U.S. dollar-denominated money market securities and repurchase agreements for those securities.



Dodge & Cox Balanced Fund Invests in a diversified mix of common and preferred stocks and investment-grade bonds, generally rated in the top four ratings categories. Effective April 1, 2009, this fund is frozen to new investments for the Plan.

American Funds New Perspective Fund Class R6 Invests primarily in stocks of established companies located all over the world, including the United States.

T. Rowe Price Equity Income Fund Invests at least 65% of the fund's total assets in dividend-paying common stocks, particularly of established companies, with favorable prospects for both increasing dividends and capital appreciation.

Loomis Sayles Small Cap Value Fund Institutional Class Seeks to achieve its objective by emphasizing both undervalued securities and securities of companies with significant growth potential.

The Hartford Small Company Fund Class Y Primarily invests under normal circumstances at least 80% of its assets in common stocks of small capitalization companies.

Spartan 500 Index Fund Institutional Class Normally invests at least 80% of its assets in common stocks included in the S&P 500 Index, which broadly represents the performance of common stocks publicly traded in the United States.

Fidelity Freedom K Funds Each freedom fund invests in a diversified portfolio of well-established Fidelity stock, bond, and money market mutual funds.

Fidelity Managed Income Portfolio Invests in investment contracts issued by insurance companies and other financial institutions, fixed income securities, and money market funds to provide daily liquidity.

Fidelity Contrafund Class K Invests primarily in common stock.

Fidelity International Discovery Fund Class K Invests primarily in foreign securities.

Vanguard Total Bond Market Index Fund Signal Shares The fund attempts to track the performance of the Barclays Capital Aggregate Bond Index, which is a widely recognized measure of the entire taxable U.S. bond market.

Spartan Extended Market Index Fund Investor Class Normally invests at least 80% of its assets in common stocks included in the Dow Jones U.S. Completion Total Stock Market Index, which represents the performance of stocks of small to mid-capitalization U.S. companies.

Oakmark Equity and Income Fund Class I Primarily invests in a diversified portfolio of U.S. equity and fixed-income securities.

Spartan International Index Fund Investor Class Normally invests at least 80% of its assets in common stocks included in the Morgan Stanley Capital International Europe, Australasia, Far East Index (MSCI EAFE Index) which represents the performance of developed stock markets outside the United States and Canada.

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T. Rowe Price High-Yield Fund The fund normally invests at least 80% of net assets in a widely diversified portfolio of high-yield corporate bonds, income-producing convertible securities, and preferred stocks.

### ***Plan Administration and Fees***

The Company provides certain administrative and accounting services to the Plan at no cost. In addition, the Company pays the cost of services provided to the Plan by Fidelity, legal counsel, independent financial consultants and the independent registered public accounting firm. Certain distribution processing and management fees charged by Fidelity are deducted from the respective participant account balances and are recorded within total investment (loss)/income in the Plan's financial statements.

## **2. Summary of Significant Accounting Policies**

### ***Basis of Accounting***

Effective January 1, 2012 recordkeeping and trustee responsibilities for the Plan were transferred from Fidelity to T. Rowe Price. Fidelity performed the recordkeeping and trustee function for the Plan for the years ended December 31, 2011 and 2010. The financial statements included herein include all required adjustments to reflect the financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ( U.S. GAAP ).

### ***Investments***

Investments of the Plan are stated at fair value. The fair value of a financial instrument is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (the exit price).

Mutual funds and the common collective trust represent investments with various investment managers. The respective fair values of these investments are determined by reference to the funds' underlying assets, which are principally marketable equity and fixed income securities. Shares held in mutual funds traded on national securities exchanges are valued at the net asset value as of December 31, 2011 and 2010. Units held in the common collective trust are valued at the unit value as reported by the investment manager as of December 31, 2011 and 2010. Redemption of units is recorded upon receipt of unit holder's instructions, based on the next determined net asset value per unit, normally each day.

The investment in the Company's common stock is stated at publicly-traded closing market values as of December 31, 2011 and 2010. The Plan's assets included approximately 10 percent of the Company's outstanding shares of common stock as of both December 31, 2011 and 2010; therefore, such valuation might be subject to significant fluctuations in the event of a substantial liquidation of such holdings by the Plan or due to other market fluctuations.

The difference between the cost and current market value of investments purchased since the beginning of the period as well as the decrease or increase in the stated market value of investments held at the beginning of the period is included in the caption, Net (depreciation)/appreciation in fair value of investments in the Statements of Changes in Net Assets Available for Benefits.

### ***Contributions***

Employee and employer contributions are recorded in the period during which the Company makes payroll deductions from Plan participants' earnings. After approval by the Board of Directors of Michael Baker Corporation, discretionary contributions are accrued in the period that they are earned.

### ***Distributions***

Distributions to participants are recorded when paid.

### ***Use of Estimates***

The preparation of financial statements in conformity with U.S. GAAP requires management to make certain estimates and assumptions that may affect the reported amounts of assets, liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates. The results of any changes in accounting estimates are reflected in the financial statements in the period in which the changes become evident.



**Concentration of Risk**

Investments are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with these investments and the level of uncertainty related to changes in the value of these investments, it is at least reasonably possible that changes in the near term could materially affect participants' account balances and the amounts reported in the Statements of Net Assets Available for Benefits and the Statements of Changes in Net Assets Available for Benefits.

**Recent Accounting Standards**

In May 2011, the Financial Accounting Standards Board ( FASB ) issued Accounting Standards Update ( ASU ) No. 2011-04, which amends Accounting Standards Codification ( ASC ) 820, *Fair Value Measurements*, to improve consistency in the application of fair value measurement and disclosures between U.S. GAAP and International Financial Reporting Standards ( IFRS ) and clarified existing fair value disclosures. The amended guidance is effective for interim and annual periods beginning after December 15, 2011, with early adoption not permitted. The Plan is assessing the impact of the standard but does not expect any material impact on the Plan's financial statements upon adoption.

In January 2010, the FASB issued ASU No. 2010-06, which amends ASC 820, *Fair Value Measurements*, adding new disclosure requirements for Levels 1 and 2, separate disclosures of purchases, sales, issuances and settlements relating to Level 3 measurements and clarification of existing fair value disclosures. The Plan prospectively adopted the new guidance in 2010, except for the Level 3 disclosures, which were adopted in 2011. These adoptions did not materially affect the Plan's financial statements.

**3. Investments**

The following table presents the fair value of investments that represent 5 percent or more of the Plan's net assets as of December 31, 2011 and 2010:

	2011	2010
PIMCO Total Return Fund Institutional Class	<b>\$ 26,008,257</b>	\$ 21,799,715
Michael Baker Corporation Common Stock*	<b>18,779,035</b>	29,219,135
Fidelity Growth Company Fund		22,392,494
Fidelity Contrafund		23,472,711
American Funds The Growth Fund of America Class R5		19,975,611
Fidelity International Discovery Fund		20,112,956

\* Includes non-participant directed investments

The following table presents the (depreciation)/appreciation of the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) for the years ended December 31, 2011 and 2010:



	2011	2010
Common Stock of Michael Baker Corporation	\$ (10,911,457)	\$ (9,868,713)
Mutual Funds:		
Domestic Stock Funds	(3,340,299)	14,451,687
Balanced Funds	(620,133)	1,362,319
International Stock Funds	(4,805,278)	2,627,709
Fixed Income Funds	121,491	114,357
Target Date Retirement Funds	(3,934,735)	4,115,564
Total Mutual Funds	(12,578,954)	22,671,636
<i>Net (depreciation)/appreciation in fair value of investments</i>	<b>\$ (23,490,411)</b>	<b>\$ 12,802,923</b>

#### Non-participant Directed Investments

The following table presents information about the net assets and the significant components of the changes in net assets relating to investments having non-participant directed components for the years ended December 31, 2011 and 2010:

Michael Baker Corporation Common Stock	2011	2010
<i>Net assets available for benefits, beginning of year</i>	<b>\$ 29,219,135</b>	<b>\$ 41,364,680</b>
Change in net assets:		
Contributions	<b>1,911,260</b>	2,189,890
Interest	<b>21,351</b>	26,382
Net depreciation in fair value of investment	<b>(10,911,457)</b>	(9,868,713)
Benefits paid to participants	<b>(1,902,468)</b>	(4,799,922)
Transfers from participant-directed investments	<b>444,439</b>	310,301
Fees	<b>(3,225)</b>	(3,483)
<i>Net assets available for benefits, end of year</i>	<b>\$ 18,779,035</b>	<b>\$ 29,219,135</b>

As of December 31, 2011 and 2010, the Plan held 30,162 and 35,172 shares of non-vested Michael Baker Corporation common stock, respectively. These non-vested shares were valued at \$591,475 and \$1,093,855 as of December 31, 2011 and 2010, respectively.

#### 4. Tax Status

The IRS has determined and informed the Company by a letter dated December 10, 2008, that the Plan and related trust are designed in accordance with the applicable sections of the Internal Revenue Code ( IRC ). On September 30, 2009, the Plan made clarifying amendments as part of the favorable tax determination letter process. The Plan administrator and the Plan's counsel believe that the Plan is designed and is currently being operated in compliance with applicable requirements of the IRC. Therefore, no provision for income taxes has been included in the Plan's financial statements. In 2012, the Plan's tax determination letter expired, as such in January 2012 the Plan filed with the IRS for an updated determination letter.

U.S. GAAP requires Plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan administrator believes it is no longer subject to income tax examinations for years prior to 2009.

## 5. Plan Termination

Although it has not expressed an intention to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants will become 100 percent vested in their accounts.

## 6. Fair Value Measurements

Fair value is defined under FASB as the exit price associated with the sale of an asset or transfer of a liability in an orderly transaction between market participants at the measurement date. Valuation techniques used to measure fair value under FASB guidelines must maximize the use of observable inputs and minimize the use of unobservable inputs. In addition, the FASB establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include:

*Level 1* Quoted prices in active markets for identical assets or liabilities. The Plan's investments with active markets include its investment in the common stock of Michael Baker Corporation as well as its investments in mutual funds which are reported at fair value utilizing Level 1 inputs. For these items, quoted current market prices are readily available.

*Level 2* Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. The Plan has concluded that the investment in the common collective trust represents a Level 2 valuation.

*Level 3* Unobservable inputs (i.e. projections, estimates, interpretations, etc.) that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. The Plan has concluded that it has no Level 3 investments.

The following tables represent the Plan's fair value hierarchy for its financial assets measured at fair value on a recurring basis as of December 31, 2011 and 2010:

	Fair Value Measurements as of December 31, 2011			
	Total	Quoted Market Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Common Stock of Michael Baker Corporation	\$ 18,779,035	\$ 18,779,035	\$	\$
Mutual Funds:				
Domestic Stock Funds	20,757,188	20,757,188		
Fixed Income Funds	29,682,466	29,682,466		
<i>Total Mutual Funds</i>	50,439,654	50,439,654		
Common Collective Trust	4,762,168		4,762,168	
<i>Total Investments</i>	\$ 73,980,857	\$ 69,218,689	\$ 4,762,168	\$
Percent to total	100%	94%	6%	

	Fair Value Measurements as of December 31, 2010			
	Total	Quoted Market Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Common Stock of Michael Baker Corporation	\$ 29,219,135	\$ 29,219,135	\$	\$
Money Market Funds	12,066,801	12,066,801		
Mutual Funds:				
Domestic Stock Funds	103,581,877	103,581,877		
Balanced Funds	15,735,892	15,735,892		
International Stock Funds	31,827,704	31,827,704		
Fixed Income Funds	24,191,715	24,191,715		
Target Date Retirement Funds	37,106,333	37,106,333		
<i>Total Mutual Funds</i>	212,443,521	212,443,521		
Common Collective Trust	1,829,063		1,829,063	
<i>Total Investments</i>	\$ 255,558,520	\$ 253,729,457	\$ 1,829,063	\$
Percent to total	100%	99%	1%	

Effective January 1, 2012 recordkeeping responsibilities for the Plan were transferred from Fidelity to T. Rowe Price; as a result, the majority of the funds held in the Plan were liquidated by Fidelity at the market close as of December 30, 2011. As a result of the liquidation and in preparation for the transfer of assets, the Plan assets held as of December 31, 2011 consisted primarily of cash.

#### 7. Related Party Transactions

Certain investments of the Plan are in mutual funds managed by Fidelity. These transactions qualify as party-in-interest transactions.

One of the investment fund options available to employees contains the Company's stock. As a result, transactions related to this investment fund qualify as party-in-interest transactions.

#### 8. Reconciliation of Financial Statements to Schedule H Form 5500

The financial statements have been prepared using the accrual method of accounting while the Plan's Form 5500 has been prepared on the modified cash-basis method of accounting. The following table reconciles the 2011 and 2010 financial statements to the Form 5500:

**Reconciliation of Financial Statements to Schedule H Form 5500**

	2011	2010
<b>Net Assets:</b>		
Total net assets per Form 5500, Schedule H	<b>\$ 264,242,206</b>	\$ 257,819,729
Plus: Contributions receivable	<b>751,379</b>	
(Less): Adjustment from fair value to contract value for fully benefit-responsible investment contracts	<b>(117,453)</b>	(14,872)
<b>Total net assets per financial statements</b>	<b>\$ 264,876,132</b>	\$ 257,804,857

	2011
<b>Contributions:</b>	
Total contributions per Form 5500, Schedule H	<b>\$ 24,350,923</b>
Plus: Contribution receivable	<b>751,379</b>
<b>Total contributions per financial statements</b>	<b>\$ 25,102,302</b>

**BAKER 401(k) PLAN**

Michael Baker Corporation

EIN# 25-0927646 Plan # 002

**Schedule H, Part IV, Line 4(i)**

Schedule of Assets (Held at the End of Year)

Identity of Issuer	Description of Investment	Cost of Asset***	Current Value
Fidelity Investments*	Cash Balance		\$ 187,466,930
PIMCO Funds Distributors LLC	PIMCO Total Return Fund		
	Institutional Class		\$ 26,008,257
Michael Baker Corporation*	Michael Baker Corporation Common Stock**	\$ 17,236,285	\$ 18,779,035
T. Rowe Price	T. Rowe Price Equity Income Fund		\$ 10,510,905
Loomis Sayles	Loomis Sayles Small Cap Value Fund		
	Institutional Class		\$ 10,246,283
Fidelity Investments*	Fidelity Managed Income Portfolio****		\$ 4,644,715
The Vanguard Group	Vanguard Total Bond Market Index Fund		
	Signal Shares		\$ 3,381,660
T. Rowe Price	T. Rowe Price High Yield Fund		\$ 292,549
Various Participants*	Participant Loans have interest rates		
	that range from 4.25%-10.50% with maturities extending to 2025.		\$ 2,794,419
			\$ 264,124,753

\* Party-in-interest

\*\* Includes non-participant directed investments

\*\*\* Disclosure of cost not required for participant directed investments

\*\*\*\* Stated at contract value

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Executive Vice President and Chief Financial Officer of Michael Baker Corporation, the Plan sponsor, has duly caused this annual report to be signed by the undersigned thereunto duly authorized.

MICHAEL BAKER CORPORATION

BAKER 401(K) PLAN

Date: June 1, 2012

By: /s/ Michael J. Zugay  
Michael J. Zugay  
Executive Vice President, Chief Financial Officer and Chief  
Administrative Officer of Michael Baker Corporation, the Plan  
Sponsor

**Exhibits Index**

The following exhibit is included herewith as a part of this Report:

Exhibit No.	Description
23.1	Consent of independent registered public accounting firm.