



FOR IMMEDIATE RELEASE

**STERLING CONSTRUCTION COMPANY, INC. APPOINTS PAUL J. VARELLO
CHAIRMAN OF BOARD OF DIRECTORS**

THE WOODLANDS, TX – December 17, 2014 – Sterling Construction Company, Inc. (NasdaqGS: STRL) (“Sterling” or “the Company”) today announced the appointment of Paul J. Varello as Chairman of the Company’s Board of Directors, effective December 13, 2014.

Mr. Varello succeeds Maarten Hemsley, who assumed the role when former Chairman, Patrick T. Manning retired in May 2014. Mr. Hemsley previously served as Sterling’s President and Chief Operating Officer from 1988 to 2001, and Chief Financial Officer from 1998 to 2007.

Mr. Varello has been a member of Sterling’s Board since January 2014. He is founder and President of Commonwealth Projects, LLC (CPL), a project development and program management company focused on energy projects. From 2003 until 2014, Mr. Varello was founder and Chairman of Commonwealth Engineering & Construction, LLC (CEC), an engineering and construction management firm specializing in the design and construction of major capital projects for the oil & gas, refining, alternative fuels, power and related energy industries. Prior to founding CEC in 2003, he was senior partner of Varello & Associates, which provided consulting services to project lenders, plant operators and engineering companies. From 1990 through 2001 Mr. Varello served as Chairman and CEO of American Ref-Fuel Company, a 50/50 joint venture between publicly-traded Air Products & Chemicals (NYSE: APCI) and Browning Ferris International (NYSE: BFI). Before that, he held managerial positions of increasing responsibility with Fluor Corporation (NYSE: FLR) from 1972 to 1990, leaving as President of Fluor’s Process Sector.

Mr. Varello has served as a director for 2 publicly-traded companies including Sims Metal Management (ASX: SGM), a global metal recycling company with headquarters in Sydney, Australia, where he also served as Non-executive Chairman, and Ryland Group, a national homebuilder headquartered in Calabasas, California (NYSE: RYL).

Mr. Varello received a bachelor’s degree in civil engineering from Villanova University and is a graduate of the Advanced Management Program at Harvard Business School. He is a registered professional engineer in California, Texas and Louisiana and has served as Monitor Trustee for the U.S. Federal Trade Commission. He is also a member of the National Association of Corporate Directors.

Peter MacKenna, Sterling’s Chief Executive Officer, commented, “We want to thank Maarten Hemsley for so ably carrying out the responsibilities of Chairman following Patrick Manning’s retirement. We are grateful for his guidance and counsel as we executed our turnaround strategy over the course of 2014. We are pleased that Paul has accepted the Chairman position and are looking forward to benefitting from his leadership and substantial construction industry experience.”

“I am honored to have been appointed by my fellow directors as Board Chairman,” stated Mr. Varello. “Sterling is well positioned in the heavy civil construction market and we have made good progress in improving our performance over the past year. I look forward to working with the Board and management to advance our turnaround process in order to deliver increased value to our shareholders.”

Sterling is a leading heavy civil construction company that specializes in the building and reconstruction of transportation and water infrastructure projects in Texas, Utah, Nevada, Arizona, California, Hawaii, and other states where there are construction opportunities. Its transportation infrastructure projects include highways, roads, bridges and light rail and its water infrastructure projects include water, wastewater and storm drainage systems.

This press release includes certain statements that fall within the definition of “forward-looking statements” under the Private Securities Litigation Reform Act of 1995. Any such statements are subject to risks and uncertainties, including overall economic and market conditions, federal, state and local government funding, competitors’ and customers’ actions, and weather conditions, which could cause actual results to differ materially from those anticipated, including those risks identified in the Company’s filings with the Securities and Exchange Commission. Accordingly, such statements should be considered in light of these risks. Any prediction by the Company is only a statement of management’s belief at the time the prediction is made. There can be no assurance that any prediction once made will continue thereafter to reflect management’s belief, and the Company does not undertake to update publicly its predictions or to make voluntary additional disclosures of nonpublic information, whether as a result of new information, future events or otherwise.

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