

PERINI CORP
Form 10-K
February 27, 2009
FORM 10-K

United States Securities and Exchange Commission
Washington, DC 20549

Commission File No. 1-6314

(Mark One)

Annual Report Pursuant to Section 13 or 15(d) of the Securities Act of 1934.

For the fiscal year ended December 31, 2008

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

For the transition period from _____ to _____.

Perini Corporation

(Exact name of registrant as specified in its charter)

Massachusetts
(State of Incorporation)

04-1717070
(IRS Employer Identification No.)

73 Mt. Wayte Avenue, Framingham, Massachusetts
(Address of principal executive offices)

01701
(Zip Code)

(508) 628-2000
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of each exchange on which registered
Common Stock, \$1.00 par value	The New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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

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Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. []

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 definition of accelerated filer, large 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
(Do not check if a 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 aggregate market value of voting Common Stock held by nonaffiliates of the registrant was \$868,661,776 as of June 30, 2008, the last business day of the registrant's most recently completed second fiscal quarter.

The number of shares of Common Stock, \$1.00 par value per share, outstanding at February 17, 2009 was 48,516,555.

Documents Incorporated by Reference

Portions of the definitive proxy statement relating to the registrant's annual meeting of stockholders to be held on May 28, 2009 are incorporated by reference into Part III of this report.

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PART I.

Forward-looking Statements

The statements contained in this Annual Report on Form 10-K that are not purely historical are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, including without limitation, statements regarding our management's expectations, hopes, beliefs, intentions or strategies regarding the future. These forward-looking statements are based on our current expectations and beliefs concerning future developments and their potential effects on us. There can be no assurance that future developments affecting us will be those that we have anticipated. These forward-looking statements involve a number of risks, uncertainties (some of which are beyond our control) or other assumptions that may cause actual results or performance to be materially different from those expressed or implied by such forward-looking statements. These risks and uncertainties include, but are not limited to, the current global financial crisis and significant deterioration in global economic conditions, which may cause or accelerate a number of other factors listed below; our ability to convert backlog into revenue; our ability to successfully and timely complete construction projects; the potential delay, suspension, termination, or reduction in scope of a construction project; the continuing validity of the underlying assumptions and estimates of total forecasted project revenues, costs and profits and project schedules; the outcomes of pending or future litigation, arbitration or other dispute resolution proceedings; the availability of borrowed funds on terms acceptable to us; the ability to retain certain members of management; the ability to obtain surety bonds to secure our performance under certain construction contracts; possible labor disputes or work stoppages within the construction industry; changes in federal and state appropriations for infrastructure projects; possible changes or developments in international or domestic political, social, economic, business, industry, market and regulatory conditions or circumstances; and actions taken or not taken by third parties, including our customers, suppliers, business partners, and competitors and legislative, regulatory, judicial and other governmental authorities and officials; the ability to realize the expected synergies resulting from the merger with Tutor-Saliba Corporation in the amounts and in the timeframe anticipated; and the ability to integrate Tutor-Saliba's businesses into those of Perini in a timely and cost-efficient manner. Also see Item 1A. Risk Factors on pages 13 through 24. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

ITEM 1. BUSINESS

General

Perini Corporation and its subsidiaries (or Perini, Company, we, us, and our, unless the context indicates otherwise) is a leading construction services company, based on revenues, as ranked by Engineering News-Record, or ENR, offering diversified general contracting, construction management and design-build services to private clients and public agencies throughout the world. We have provided construction services since 1894 and have established a strong reputation within our markets by executing large, complex projects on time and within budget while adhering to strict quality control measures. We offer general contracting, pre-construction planning and comprehensive project management services, including the planning and scheduling of the manpower, equipment, materials and subcontractors required for a project. We also offer self-performed construction services including site work, concrete forming and placement, steel erection, electrical and mechanical, plumbing and HVAC. During 2008, we performed work on approximately 225 construction projects for over 130 federal, state and local government agencies or authorities and private customers. Our headquarters is in Framingham, Massachusetts, and we have nineteen other principal office locations throughout the United States and certain U.S. territories. Our common stock is listed on the New York Stock Exchange under the symbol PCR.

Our business is conducted through three basic segments: building, civil, and management services. Our building segment, comprised of Perini Building Company, the building operations of Tutor-Saliba Corporation (see Merger With Tutor-Saliba Corporation below), or Tutor-Saliba, James A. Cummings, Inc., or Cummings, and Rudolph and Sletten, Inc., focuses on large, complex projects in the hospitality and gaming, healthcare, municipal offices, sports and entertainment, education, transportation, corrections, biotech, pharmaceutical and high-tech markets, and electrical and mechanical, plumbing and HVAC services as a subcontractor to the Company and other general contractors. Our civil segment is comprised of Perini Civil Construction, the civil operations of Tutor-Saliba and Cherry Hill Construction, Inc., or Cherry Hill, and focuses on public works construction primarily in the western, northeastern and mid-Atlantic United States, including the repair, replacement and

reconstruction of the public infrastructure such as

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highways, bridges, mass transit systems and wastewater treatment facilities. Our management services segment, including the recently merged Tutor-Saliba operation in Guam, provides diversified construction and design-build services to the U.S. military and government agencies as well as surety companies and multi-national corporations in the United States and overseas.

Merger With Tutor-Saliba Corporation

On September 8, 2008, we completed the merger with Tutor-Saliba pursuant to an agreement and plan of merger between the Company, Tutor-Saliba, Ronald N. Tutor and other shareholders of Tutor-Saliba. In connection with the merger, we issued 22,987,293 shares of our common stock to the shareholders of Tutor-Saliba in exchange for 100% of the outstanding capital stock of Tutor-Saliba. As a result of the merger, the financial interests in construction joint ventures held individually by Perini and Tutor-Saliba prior to the merger are now owned 100% by us. In addition, Mr. Tutor's management responsibilities are no longer divided between Perini and Tutor-Saliba as he serves as our Chairman and Chief Executive Officer after the merger.

Tutor-Saliba's building operations are conducted primarily in Nevada and California. Its civil operations have been historically focused primarily in California and New York. Its international operations are conducted primarily in Guam and the Philippines. Tutor-Saliba is a leading civil infrastructure and commercial building construction company that focuses on large, complex projects, usually ranging from \$100 million to \$1 billion or more in size. Tutor Saliba manages all aspects of these projects, including design-build, design-bid-build and pre-construction services for project owners. These capabilities, together with its significant capacity to self-perform critical construction specialties such as concrete forming and placement, site excavation and support of excavation, and electrical and mechanical services, are the core strengths of Tutor-Saliba.

We merged with Tutor-Saliba because we believe it is a strong strategic fit, providing us with enhanced opportunities for growth not available to us on a stand-alone basis through increased size, scale and management capabilities, complementary assets and expertise, particularly Tutor-Saliba's expertise in civil projects, immediate access to multiple geographic regions, and increased ability to compete for larger numbers of projects particularly in the civil construction segment due to an increased bonding capacity. The merger enabled Mr. Tutor to focus his management efforts entirely on the growth and development of the Company.

Our operating results for the year ended December 31, 2008 include the operating results of Tutor-Saliba from the date of acquisition. See Note 2 of Notes to Consolidated Financial Statements for additional information.

Business Segment Overview

Building Segment

Our building segment has significant experience providing services to a number of specialized building markets, including the hospitality and gaming, healthcare, municipal offices, sports and entertainment, education, transportation, corrections, biotech, pharmaceutical and high-tech markets, electrical and mechanical, plumbing and HVAC services. We believe our success within the building segment results from our proven ability to manage and perform large, complex projects with aggressive fast-track schedules, elaborate designs and advanced mechanical, electrical and life safety systems while providing accurate budgeting and strict quality control. Although price is a key competitive factor, we believe our strong reputation, long-standing customer relationships and significant level of repeat and referral business have enabled us to achieve our leading position.

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We are a recognized leader in the hospitality and gaming market, specializing in the construction of high-end destination resorts and casinos and Native American developments. We work with hotel operators, Native American tribal councils, developers and architectural firms to provide diversified construction services to meet the challenges of new construction and renovation of hotel and resort properties. We believe that our reputation for completing projects on time is a significant competitive advantage in this market, as any delay in project completion may result in significant loss of revenues for the customer. In its 2008 rankings based on revenue, ENR ranked us as the nation's 3rd largest contractor in the overall general building market, the largest builder in the hotel, motel and convention center market, the 10th largest builder in the healthcare market, the 14th largest builder in the education market, and one of the top 25 largest builders in the commercial offices, entertainment and manufacturing markets. In addition, Tutor-Saliba, our

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subsidiary, ranked as the 22nd largest contractor in the general building market.

As a result of our reputation and track record, we have been awarded and are currently working on contracts for several marquee projects in the hospitality and gaming market in Las Vegas, including Project CityCenter for MGM MIRAGE, The Cosmopolitan Resort and Casino, the Wynn Encore Hotel and the Planet Hollywood Tower. We also have completed work on several other marquee projects in the hospitality and gaming market, including Paris Las Vegas, Mohegan Sun and the MGM Grand at Foxwoods resort expansion, both in Connecticut, the Morongo Casino Resort and Spa and the Pechanga Resort and Casino, both in California, the Seminole Hard Rock Hotels and Casinos in Florida, the Red Rock Casino Resort Spa, the Augustus Tower at Caesars Palace, the Trump International Hotel and Tower, all in Las Vegas, and the Gaylord National Resort and Convention Center in the Washington, DC area. In other end markets, we have constructed large, complex projects such as the Airport Parking Garage and Rental Car Facility in Ft. Lauderdale, FL; the Palm Beach International Airport Parking Garage in West Palm Beach, FL; the San Francisco International Airport reconstruction; the Florida International University Health and Life Sciences Building in Miami, FL; the Glendale Arena in Glendale, AZ; the Stanford University Cancer Center in Stanford, CA; the Johnson & Johnson Pharmaceutical R&D Expansion in La Jolla, CA; and the Kaiser Hospital and Medical Office Building in Santa Clara, CA.

In January 2003, the acquisition of Cummings expanded our presence in the southeastern region of the United States. Cummings specializes in the construction of schools, municipal buildings and commercial developments. In October 2005, we acquired Rudolph and Sletten, an established building contractor and construction management company based in Redwood City, California, to expand our presence on the west coast of the United States. Rudolph and Sletten specializes in the construction of corporate campuses and healthcare, gaming, biotech, pharmaceutical and high-tech projects. In September 2008, we merged with Tutor-Saliba to further expand our presence in the western United States. Tutor-Saliba is an established building contractor specializing in the construction of hospitality and gaming projects, as well as both private and public works building projects, including transportation, healthcare, education and office building projects, primarily in Nevada and California.

Civil Segment

Our civil segment specializes in public works construction and the repair, replacement and reconstruction of infrastructure, primarily in the western, northeastern and mid-Atlantic United States. Our civil contracting services include construction and rehabilitation of highways, bridges, mass transit systems and wastewater treatment facilities. Our customers primarily award contracts through one of two methods: the traditional public "competitive bid" method, in which price is the major determining factor, or through a request for proposals where contracts are awarded based on a combination of technical capability and price. Traditionally, our customers require each contractor to pre-qualify for construction business by meeting criteria that include technical capabilities and financial strength. We believe that our financial strength and outstanding record of performance on challenging civil works projects enables us to pre-qualify for projects in situations where smaller, less diversified contractors are unable to meet the qualification requirements. We believe this is a competitive advantage that makes us an attractive partner on the largest infrastructure projects and prestigious DBOM (design-build-operate-maintain) contracts, which combine the nation's top contractors with engineering firms, equipment manufacturers and project development consultants in a competitive bid selection process to execute highly sophisticated public works projects.

We believe the civil segment provides significant opportunities for growth. The U.S. government recently approved a multi-billion dollar economic stimulus package in 2009 which includes significant funding for civil construction, public healthcare and public education projects over the next several years. We have been active in civil construction since 1894 and believe we have developed a particular expertise in large, complex civil construction projects. ENR's 2008 rankings based on revenue place us as the 20th largest builder in the United States in the bridge construction market. We have completed or are currently working on some of the most significant civil construction projects in the northeastern United States. We have completed work on multiple portions of the Boston Central Artery/Tunnel project; New Jersey Light Rail Transit; the Richmond/San Rafael Bridge retrofit in California; the Alameda Corridor project in Southern California; rehabilitations of the Triborough, Williamsburg and Whitestone bridges in New York City and the Passaic River Bridge in New Jersey; Jamaica Station transportation center in New York; and sections of both the Brooklyn-Queens Expressway and the Long Island Expressway. We are currently working on rehabilitations of the Tappan Zee Bridge in Westchester County, New York, and the Route 9 bridge

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replacement in Peekskill, New York, along with work on the Harold Structures mass transit project in Queens, New York, and the construction of express toll lanes along I-95 in Maryland.

In January 2005, we acquired Cherry Hill to expand our presence in the mid-Atlantic and southeastern regions of the United States. Cherry Hill specializes in excavation, foundations, paving and construction of civil infrastructure. With the merger with Tutor-Saliba in September 2008, we significantly expanded our civil construction presence. Tutor-Saliba is an established civil construction contractor specializing in mass transit, airport and bridge projects in California.

Management Services Segment

Our management services segment provides diversified construction and design-build services to the U.S. military and government agencies as well as surety companies and multi-national corporations in the United States and overseas. We believe customers choose our services based on our ability to plan and execute rapid response assignments and multi-year contracts through our diversified construction and design-build abilities. In addition, we believe we have demonstrated consistently superior performance on competitively bid or negotiated multi-year, multi-trade, task order and ID/IQ (Indefinite Delivery/Indefinite Quantity) construction programs. We have been chosen by the federal government for significant projects related to defense and reconstruction projects in Iraq and Afghanistan. For example, we are currently working on several overhead coverage protection projects throughout Iraq. In addition, we completed work on the design and construction of four military bases in Afghanistan for the Afghan National Army.

We believe we are well positioned to capture additional management services projects that involve long-term contracts and provide a recurring source of revenues as the level of government expenditures for defense and homeland security has increased in response to the global threat of terrorism. For example, we have completed all work on a multi-year contract with the U.S. Department of State, Office of Overseas Buildings Operations, to perform design-build security upgrades at 27 U.S. embassies and consulates throughout the world. In addition, our proven abilities with federal government projects have enabled us to win contracts from private defense contractors who are executing projects for the federal government. For example, we have completed design and construction contracts with Raytheon Integrated Defense Systems for upgrades to radar facilities at Beale Air Force Base in California, the Cobra Dane Facility on Shemya Island, Alaska, and at a Royal Air Force facility in Fylingdales, England to meet the requirements of a new early warning radar system. Black Construction, one of our subsidiaries, is expected to generate a significant portion of its future revenues from the construction of facilities for the expansion of the United States military's presence on the island of Guam.

We also provide diversified management services to surety companies and multi-national corporations. We are under agreement with a major North American surety company to provide rapid response, contract completion services. Upon notification from the surety of a contractor bond default, we provide management or general contracting services to fulfill the contractual and financial obligations of the surety.

Markets and Customers

Our construction services are targeted toward end markets that are diversified across project types, client characteristics and geographic locations. Revenues by business segment for each of the three years in the period ended December 31, 2008 are set forth below:

Revenues by Segment		
Year Ended December 31,		
2008	2007	2006
(in thousands)		

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Building	\$5,146,563	\$ 4,248,814	\$ 2,515,051
Civil	310,722	234,778	281,137
Management Services	203,001	144,766	246,651
Total	\$5,660,286	\$ 4,628,358	\$ 3,042,839

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Revenues by end market for the building segment for each of the three years in the period ended December 31, 2008 are set forth below:

	Building Segment Revenues by End Market		
	2008	2007	2006
	(in thousands)		
Hospitality and Gaming	\$ 3,714,822	\$ 2,830,506	\$ 1,383,092
Healthcare Facilities	619,959	574,175	500,387
Office Buildings	298,914	250,949	34,790
Education Facilities	215,472	291,491	163,145
Condominiums	97,580	57,667	141,182
Industrial Buildings	55,251	138,670	195,120
Transportation Facilities	51,175	33,109	14,747
Sports and Entertainment	26,136	5,671	13,916
Other	67,254	66,576	68,672
Total	\$ 5,146,563	\$ 4,248,814	\$ 2,515,051

Revenues by end market for the civil segment for each of the three years in the period ended December 31, 2008 are set forth below:

	Civil Segment Revenues by End Market		
	2008	2007	2006
	(in thousands)		
Bridges	\$ 110,201	\$ 67,687	\$ 78,603
Highways	103,968	116,129	97,555
Wastewater Treatment and Other	57,263	29,983	34,822
Mass Transit	30,812	6,171	29,363
Sitework	8,478	14,808	40,794
Total	\$ 310,722	\$ 234,778	\$ 281,137

Revenues by end market for the management services segment for each of the three years in the period ended December 31, 2008 are set forth below:

	Management Services Segment		
	Revenues by End Market		
	2008	2007	2006
	(in thousands)		
U.S. Government Services	\$ 183,757	\$ 131,369	\$ 155,468
Surety and Other	19,244	11,986	17,875
Power Facilities Maintenance	-	1,411	73,308
Total	\$ 203,001	\$ 144,766	\$ 246,651

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We provide our services to a broad range of private and public customers. The allocation of our revenues by client source for each of the three years in the period ended December 31, 2008 are set forth below:

	Revenues by Client Source		
	Year Ended December 31,		
	2008	2007	2006
Private Owners	85%	86%	82%
State and Local Governments	12	11	13
Federal Governmental Agencies	3	3	5
	100%	100%	100%

Private Owners. We derived approximately 85% of our revenues from private customers during 2008. Our private customers include major hospitality and gaming resort owners, Native American sovereign nations, public corporations, private developers, healthcare companies and private universities. We provide services to our private customers primarily through negotiated contract arrangements, as opposed to competitive bids.

State and Local Governments. We derived approximately 12% of our revenues from state and local government customers during 2008. Our state and local government customers include state transportation departments, metropolitan authorities, cities, municipal agencies, school districts and public universities. We provide services to our state and local customers primarily pursuant to contracts awarded through competitive bidding processes. Our civil contracting services are concentrated in the northeastern, mid-Atlantic and western United States. Our building construction services for state and local government customers, which have included schools and dormitories, healthcare facilities, parking structures and municipal buildings, are in locations throughout the country.

Federal Governmental Agencies. We derived approximately 3% of our revenues from federal governmental agencies during 2008. These agencies have included the U.S. State Department, the U.S. Navy, the U.S. Army Corps of Engineers and the U.S. Air Force. We provide services to federal agencies primarily pursuant to contracts for specific or multi-year assignments that involve new construction or infrastructure improvements. A substantial portion of our revenues from federal agencies is derived from projects in overseas locations. We expect this to continue for the foreseeable future as a result of our expanding base of experience and relationships with federal agencies, together with an anticipated favorable expenditure trend for defense, security and reconstruction work due primarily to the ongoing threats of terrorism.

For additional information on customers and markets, please see Note 13 of Notes to Consolidated Financial Statements, entitled "Business Segments".

Backlog

We include a construction project in our backlog at such time as a contract is awarded or a letter of commitment is obtained and adequate construction funding is in place. As a result, we believe the backlog figures are firm, subject only to the cancellation provisions contained in the various contracts. Historically, these provisions have not had a material adverse effect on us.

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As of December 31, 2008, we had a construction backlog of \$6.68 billion, compared to \$7.57 billion at December 31, 2007. Backlog is summarized below by business segment as of December 31, 2008 and 2007:

	Backlog by Business Segment			
	December 31, 2008		December 31, 2007	
	(dollars in thousands)			
Building	\$ 5,731,992	86%	\$ 6,981,704	92%
Civil	528,005	8	457,838	6
Management Services	415,906	6	128,123	2
Total	\$ 6,675,903	100%	\$ 7,567,665	100%

We estimate that approximately \$2.2 billion, or 33% of our backlog at December 31, 2008 will not be completed in 2009.

Backlog by end market for the building segment as of December 31, 2008 and 2007 is set forth below:

	Building Segment Backlog by End Market			
	December 31, 2008		December 31, 2007	
	(dollars in thousands)			
Hospitality and Gaming	\$ 2,788,336	49%	\$ 5,388,650	77%
Transportation Facilities	1,149,823	20	3,848	-
Healthcare Facilities	1,057,319	18	872,343	12
Education Facilities	249,251	4	186,257	3
Industrial Buildings	136,580	3	115,070	2
Condominiums	113,232	2	2,704	-
Office Buildings	106,942	2	324,950	5
Sports and Entertainment	51,150	1	72,757	1
Other	79,359	1	15,125	-
Total	\$ 5,731,992	100%	\$ 6,981,704	100%

Backlog by end market for the civil segment as of December 31, 2008 and 2007 is set forth below:

	Civil Segment Backlog by End Market			
	December 31, 2008		December 31, 2007	
	(dollars in thousands)			
Bridges	\$ 149,596	29%	\$ 115,050	25%
Highways	138,496	26	158,830	35
Mass Transit	123,821	23	141,583	31
Wastewater Treatment and Other	115,842	22	41,799	9
Sitework	250	-	576	-
Total	\$ 528,005	100%	\$ 457,838	100%

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Backlog by end market for the management services segment as of December 31, 2008 and 2007 is set forth below:

	Management Services Segment Backlog by End Market			
	December 31, 2008		December 31, 2007	
	(dollars in thousands)			
U.S. Government Services	\$ 385,450	93%	\$ 119,168	93%
Surety and Other	30,456	7	8,955	7
Total	\$ 415,906	100%	\$ 128,123	100%

Competition

The construction industry is highly competitive and the markets in which we compete include numerous competitors, some of which have greater financial and other resources than we do. In certain end markets of the building segment, such as hospitality and gaming, we are one of the largest providers of construction services in the United States, but within other end markets of the building segment, and within the civil and management services segments, there are competitors with significantly greater capabilities and resources. In our building segment, we compete with a variety of national and regional contractors. In the west, our primary competitors are DPR, JE Dunn, Marnell Carrao, Turner, Taylor International Corp., Huntcor, McCarthy, Clark, Hensel Phelps and PCL. In the northeast, our primary competitors are Suffolk, Gilbane and Turner and in the southeast our primary competitors include Balfour Beatty Construction, James B. Pirtle and Skanska. In our civil segment, we compete principally with large civil construction firms that operate in the west, northeast and mid-Atlantic regions, including Slattery/Skanska, Granite Construction/Halmar, Tully, Schiavone, American Infrastructure, GAC Wagman and Kiewit. In our management services segment, we compete principally with national engineering and construction firms such as Fluor, Washington Division of URS, Kellogg Brown & Root, and CH2M Hill. Major competitors to Black Construction's operations in Guam include Dick Pacific Construction, Watts Constructors and Leighton Contractors. We believe price, experience, reputation, responsiveness, customer relationships, project completion track record and quality of work are key factors in customers awarding contracts across our end markets.

Types of Contracts and The Contract Process

Type of Contracts

The general contracting and management services we provide consist of planning and scheduling the manpower, equipment, materials and subcontractors required for the timely completion of a project in accordance with the terms, plans and specifications contained in a construction contract. We provide these services by entering into traditional general contracting arrangements, such as guaranteed maximum price, cost plus fee and fixed price contracts and, to a lesser extent, construction management or design-build contracting arrangements. These contract types and the risks generally inherent therein are discussed below:

- § Guaranteed maximum price (GMP) contracts provide for a cost plus fee arrangement up to a maximum agreed upon price. These contracts place risks on the contractor for amounts in excess of the GMP, but may permit an opportunity for greater profits than under Cost Plus contracts through sharing agreements with the owner on any cost savings that may be realized. Services provided by our building segment to various private customers often are performed under GMP contracts.
- § Cost plus fee (Cost Plus) contracts provide for reimbursement of the costs required to complete a project plus a stipulated fee arrangement. Cost Plus contracts include cost plus fixed fee (CPFF) contracts and cost plus award fee (CPAF) contracts. CPFF contracts provide for reimbursement of the costs required to complete a project plus a fixed fee. CPAF contracts provide for reimbursement of the costs required to complete a project plus a base fee as well as an incentive fee based on cost and/or schedule performance. Cost Plus contracts serve to minimize the contractor's financial risk, but may also limit profits.

§ Fixed price (FP) contracts, which include fixed unit price contracts, are generally used in competitively bid public civil construction projects and, to a lesser degree, building construction projects and generally commit

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the contractor to provide all of the resources required to complete a project for a fixed sum or at fixed unit prices. Usually FP contracts transfer more risk to the contractor but offer the opportunity, under favorable circumstances, for greater profits. FP contracts represent a significant portion of our publicly bid civil construction projects. We also perform publicly bid building construction projects and certain task order contracts for agencies of the U.S. government in our management services segment under FP contracts.

- § Construction management (CM) contracts are those under which a contractor agrees to manage a project for the owner for an agreed-upon fee, which may be fixed or may vary based upon negotiated factors. CM contracts serve to minimize the contractor's financial risk, but may also limit profit relative to the overall scope of a project.
- § Design-build contracts are those under which a contractor provides both design and construction services for a customer. These contracts may be either fixed price contracts or cost plus fee contracts.

Historically, a high percentage of our contracts have been of the GMP and fixed price type. A summary of revenues and backlog by type of contract for each of the three years in the period ended December 31, 2008 follows:

	Revenues for the Year Ended December 31,		
	2008	2007	2006
Cost Plus, GMP or CM	89%	90%	85%
FP	11	10	15
	100%	100%	100%
	Backlog as of December 31,		
	2008	2007	2006
Cost Plus, GMP or CM	78%	92%	92%
FP	22	8	8
	100%	100%	100%

The Contract Process

We identify potential projects from a variety of sources, including advertisements by federal, state and local governmental agencies, through the efforts of our business development personnel and through meetings with other participants in the construction industry such as architects and engineers. After determining which projects are available, we make a decision on which projects to pursue based on such factors as project size, duration, availability of personnel, current backlog, competitive advantages and disadvantages, prior experience, contracting agency or owner, source of project funding, geographic location and type of contract.

After deciding which contracts to pursue, we generally have to complete a prequalification process with the applicable agency or customer. The prequalification process generally limits bidders to those companies with the operational experience and financial capability to effectively complete the particular project(s) in accordance with the plans, specifications and construction schedule.

Our estimating process typically involves three phases. Initially, we perform a detailed review of the plans and specifications, summarize the various types of work involved and related estimated quantities, determine the project duration or schedule and highlight the unique aspects of and risks associated with the project. After the initial review, we decide whether to continue to pursue the project. If we elect to pursue the project, we perform the second phase of the estimating process which consists of estimating the cost and availability of labor, material, equipment, subcontractors and the project team required to complete the project on time and in accordance with the plans and specifications. The

final phase consists of a detailed review of the estimate by management including, among other

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things, assumptions regarding cost, approach, means and methods, productivity and risk. After the final review of the cost estimate, management adds an amount for profit to arrive at the total bid amount.

Public bids to various governmental agencies are generally awarded to the lowest bidder. Requests for proposals or negotiated contracts with public or private customers are generally awarded based on a combination of technical capability and price, taking into consideration factors such as project schedule and prior experience.

During the construction phase of a project, we monitor our progress by comparing actual costs incurred and quantities completed to date with budgeted amounts and the project schedule and periodically, at a minimum on a quarterly basis, prepare an updated estimate of total forecasted revenue, cost and profit for the project.

During the ordinary course of most projects, the customer, and sometimes the contractor, initiate modifications or changes to the original contract to reflect, among other things, changes in specifications or design, construction method or manner of performance, facilities, equipment, materials, site conditions and period for completion of the work. Generally the scope and price of these modifications are documented in a "change order" to the original contract and reviewed, approved and paid in accordance with the normal change order provisions of the contract.

Often a contract requires us to perform extra or change order work as directed by the customer even if the customer has not agreed in advance on the scope or price of the work to be performed. This process may result in disputes over whether the work performed is beyond the scope of the work included in the original project plans and specifications or, if the customer agrees that the work performed qualifies as extra work, the price the customer is willing to pay for the extra work. Even when the customer agrees to pay for the extra work, we may be required to fund the cost of such work for a lengthy period of time until the change order is approved and funded by the customer. Also, unapproved change orders, contract disputes or claims result in costs being incurred by us that cannot be billed currently and, therefore, are reflected as "Costs and estimated earnings in excess of billings" in our balance sheet. See Note 1(d) of Notes to Consolidated Financial Statements. In addition, any delay caused by the extra work may adversely impact the timely scheduling of other project work and our ability to meet specified contract milestone dates.

The process for resolving claims varies from one contract to another but, in general, we attempt to resolve claims at the project supervisory level through the normal change order process or with higher levels of management within our organization and the customer's organization. Depending upon the terms of the contract, claim resolution may involve a variety of other resolution methods, including mediation, binding or non-binding arbitration or litigation. Regardless of the process, when a potential claim arises on a project, we typically have the contractual obligation to perform the work and incur the related costs. We do not recoup the costs until the claim is resolved. It is not uncommon for the claim resolution process to last months or years, especially if it involves litigation.

Our contracts generally involve work durations in excess of one year. Revenue from our contracts in process is generally recorded under the percentage of completion contract accounting method. For a more detailed discussion of our policy in these areas, see Note 1(d) of Notes to Consolidated Financial Statements, entitled Method of Accounting for Contracts.

Construction Costs

While our business may experience some adverse consequences if shortages develop or if prices for materials, labor or equipment increase excessively, provisions in certain types of contracts often shift all or a major portion of any adverse impact to the customer. On our fixed price contracts, we attempt to insulate ourselves from the unfavorable effects of inflation by incorporating escalating wage and price assumptions, where appropriate, into our construction cost estimates and by obtaining firm fixed price quotes from major subcontractors and material

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suppliers at the time of the bid period. Construction and other materials used in our construction activities are generally available locally from multiple sources and have been in adequate supply during recent years. Construction work in selected overseas areas primarily employs expatriate and local labor which can usually be obtained as required.

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Environmental Matters

Our properties and operations are subject to federal, state and municipal laws and regulations relating to the protection of the environment, including requirements for water discharges, air emissions, the use, management and disposal of solid or hazardous materials or wastes and the cleanup of contamination. For example, we must apply water or chemicals to reduce dust on road construction projects and to contain contaminants in storm run-off water at construction sites. In certain circumstances, we may also be required to hire subcontractors to dispose of hazardous materials encountered on a project in accordance with a plan approved in advance by the owner. We believe that we are in substantial compliance with all applicable laws and regulations; however, future requirements or amendments to current laws or regulations imposing more stringent requirements could require us to incur additional costs to maintain or achieve compliance.

In addition, some environmental laws, such as the U.S. federal "Superfund" law and similar state statutes, can impose liability for the entire cost of cleanup of contaminated sites upon any of the current or former owners or operators or upon parties who sent wastes to these sites, regardless of who owned the site at the time of the release or the lawfulness of the original disposal activity. Contaminants have been detected at some of the sites that we own, or where we worked as a contractor in the past, and we have incurred costs for investigation or remediation of hazardous substances. We believe that our liability for these sites will not be material, either individually or in the aggregate, and have pollution liability insurance available for such matters. We believe that we have minimal exposure to environmental liability as a result of the activities of Perini Environmental Services, Inc., or Perini Environmental, a wholly owned subsidiary of Perini that was phased out during 1997. Perini Environmental provided hazardous waste engineering and construction services to both private clients and public agencies nationwide. Perini Environmental was responsible for compliance with applicable laws in connection with its activities; however, Perini and Perini Environmental generally carried insurance or received indemnification from customers to cover the risks associated with the remediation business.

We own real estate in seven states and in Guam and, as an owner, are subject to laws governing environmental responsibility and liability based on ownership. We are not aware of any significant environmental liability associated with our ownership of real estate.

Insurance and Bonding

All of our properties and equipment, both directly owned or owned through joint ventures with others, are covered by insurance and we believe that such insurance is adequate. In addition, we maintain general liability, excess liability and workers' compensation insurance in amounts that we believe are consistent with our risk of loss and industry practice.

As a normal part of the construction business, we are often required to provide various types of surety bonds as an additional level of security of our performance. We have surety arrangements with several sureties. We also require many of our higher risk subcontractors to provide surety bonds as security for their performance. Since 2005, we also have purchased, from one of our larger sureties, a bonding insurance product on certain construction projects to insure against the risk of subcontractor default as opposed to having subcontractors provide traditional payment and performance bonds.

Employees

The total number of personnel employed by us is subject to seasonal fluctuations, the volume of construction in progress and the relative amount of work performed by subcontractors. During 2008, our average number of employees was approximately 8,000 with a maximum of approximately 8,250 and a minimum of approximately 7,100.

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We operate primarily as a union contractor. As such, we are signatory to numerous local and regional collective bargaining agreements, both directly and through trade associations, throughout the country. These agreements cover all necessary union crafts and are subject to various renewal dates. Estimated amounts for wage escalation related to the expiration of union contracts are included in our bids on various projects and, as a result, the expiration of any union contract in the next fiscal year is not expected to have any material impact on us. As of December 31, 2008, approximately 3,950 of our total of 7,100 employees were union employees. During the past several years, we have not experienced any significant work stoppages caused by our union employees.

Available Information

Our website address is <http://www.perini.com>. The information contained on our website is not included as a part of, or incorporated by reference into, this Annual Report on Form 10-K. We make available, free of charge on our Internet website, our annual reports on Form 10-K, our quarterly reports on Form 10-Q, our current reports on Form 8-K and amendments to such reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (the Exchange Act) as soon as reasonably practicable after we have electronically filed such materials with, or furnished it to, the United States Securities and Exchange Commission. You may read and copy any document we file at the SEC Headquarters, Public Reference Room, 100 F Street, NE, Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains a website at <http://www.sec.gov> that contains reports, proxy, information statements and other information regarding issuers such as the Company that file electronically with the SEC. Also available on our website are our Code of Business Conduct and Ethics, Corporate Governance Guidelines, the charters of the Committees of our Board of Directors and reports under Section 16 of the Exchange Act of transactions in our stock by our directors and executive officers.

ITEM 1A. RISK FACTORS

We are subject to a number of risks, including those summarized below. Such risks could have a material adverse effect on our financial condition, results of operations and cash flows. See our disclosure under Forward-looking Statements on page 2.

We may not fully realize the revenue value reported in our backlog.

As of December 31, 2008, our backlog of uncompleted construction work was approximately \$6.7 billion. We include a construction project in our backlog at such time as a contract is awarded or a letter of commitment is obtained and adequate construction funding is in place. The revenue projected in our backlog may not be realized or, if realized, may not result in profits. For example, if a project reflected in our backlog is terminated, suspended or reduced in scope, it would result in a reduction to our backlog which would reduce, potentially to a material extent, the revenues and profits we actually received from contracts in backlog. If a customer cancels a project, we may be reimbursed for certain costs and profit thereon but typically have no contractual right to the total revenues reflected in our backlog. Significant cancellations or delays of projects in our backlog could have a material adverse effect on our revenues, profits, and cash flows.

Current economic conditions could adversely affect our operations.

Current economic and financial market conditions in the United States and overseas, including severe disruptions in the credit markets, could adversely affect our results of operations in future periods, particularly if there is a prolonged economic recession or depression or if government efforts to stabilize and revitalize credit markets and financial institutions are not effective. The current instability in the financial markets has made it difficult for certain of our customers, including private owners and state and local governments, to access the credit markets to obtain financing or refinancing, as the case may be, to fund new construction projects on satisfactory terms or at all. State and local governments also are facing potentially significant budget shortfalls as a result of declining tax and other revenues, which may cause them to defer or cancel planned infrastructure projects. Our backlog has decreased in 2008 as we have encountered increased levels of deferrals and delays related to new construction projects. Difficulty in obtaining adequate financing due to the unprecedented disruption in the credit markets may significantly increase the rate at which our customers defer, delay or cancel proposed new construction projects. Such deferrals, delays or cancellations could have an adverse impact on our future operating results.

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Current instability in the financial markets may also impact a customer's ability to pay us on a timely basis, or at all, for work on projects already under construction in accordance with the contract terms. Customer financing may be subject to periodic renewals and extensions of credit by the lender. As credit markets tighten and difficult economic conditions remain, lenders may be unwilling to continue renewing or extending credit to a customer. Such deferral, delay or cancellation of credit by the lender could impact the customer's ability to pay us, which could have an adverse impact on our future operating results.

A significant portion of our operations are concentrated in California and Nevada. As a result, we are more susceptible to fluctuations caused by adverse economic or other conditions in this region than other regions.

Economic downturns could reduce the level of consumer spending within the hospitality and gaming industry, which could adversely affect demand for our services.

Consumer spending in the hospitality and gaming industry is discretionary and may decline during economic downturns when consumers have less disposable income. Even an uncertain economic outlook may adversely affect consumer spending in hospitality and gaming operations, as consumers may spend less in anticipation of a potential economic downturn. Decreased spending in the hospitality and gaming market could deter new projects within the industry and the expansion or renovation of existing hospitality and gaming facilities, which could negatively impact our revenues and earnings.

A decrease in government funding of infrastructure and other public projects could reduce the revenues of the company.

Approximately 8% (or \$528.0 million) of our backlog as of December 31, 2008, is derived from construction projects involving civil construction contracts. Civil construction markets are dependent on the amount of infrastructure work funded by various governmental agencies which, in turn, depends on the condition of the existing infrastructure, the need for new or expanded infrastructure and federal, state or local government spending levels. A slowdown in economic activity in any of the markets that we will serve may result in less spending on public works projects. In addition, a decrease or delay in government funding of infrastructure projects or delays in the implementation of voter-approved bond measures could decrease the number of civil construction projects available and limit our ability to obtain new contracts, which could reduce revenues within our civil construction segment. In addition, budget shortfalls and credit rating downgrades in California and other states in which the Company is involved in significant infrastructure projects and any long-term impairment in the ability of state and local governments to finance construction projects by raising capital in the municipal bond market could curtail or delay the funding of future projects.

Our building construction segment also is involved in significant construction projects for public works projects such as Terminal 3 at McCarran International Airport in Las Vegas, public healthcare facilities, primarily in California, and public education facilities, primarily in Florida and California. These projects also are dependent upon funding by various federal, state and local governmental agencies. A decrease in government funding of public healthcare and education facilities, particularly in California and Florida, could decrease the number and/or size of construction projects available and limit our ability to obtain new contracts in these markets, which could further reduce our revenues and earnings.

A decrease in U.S. government funding or change in government plans, particularly with respect to construction projects in Iraq and Afghanistan, as well as the risks associated with undertaking projects in these countries, could adversely affect the continuation of existing projects or the number of projects available to us in the future.

We have performed design-build security upgrades at United States embassies and consulates throughout the world, and we are currently engaged in building activities in Iraq. The United States federal government has approved various spending bills for the reconstruction and defense of Iraq and Afghanistan and has allocated significant funds to the defense of United States interests around the world from the threat of terrorism. A decrease in government funding of these projects or a decision by the United States federal government to reduce or eliminate the use of outside contractors to perform this work would decrease the number of projects available to us and limit our ability to obtain new contracts in this area.

Our projects in Iraq and Afghanistan and other areas of political and economic instability carry with them specific security and operational risks. Intentional or unintentional acts in those countries could result in damage to our construction sites or harm to our employees and could result in our decision to withdraw our operations from the area. Also, as a result of these acts, the United States federal government could decide to cancel or suspend our operations in these areas.

Economic, political and other risks associated with our international operations involve risks not faced by our domestic competitors, which could adversely affect our revenues and earnings.

We derived approximately 4% (or \$195.3 million) of our revenues and approximately \$39.6 million of income from construction operations for the year ended December 31, 2008 from our work on projects located outside of the United States, including projects in Iraq and Afghanistan. We expect non-U.S. projects to continue to contribute to our revenues and earnings for the foreseeable future. Our international operations expose us to risks inherent in doing business in hostile regions outside the United States, including:

- § political risks, including risks of loss due to civil disturbances, guerilla activities and insurrection;
- § acts of terrorism and acts of war;
- § unstable economic, financial and market conditions;
- § potential incompatibility with foreign subcontractors and vendors;
- § foreign currency controls and fluctuations;
- § trade restrictions;
- § variations in taxes; and
- § changes in labor conditions, labor strikes and difficulties in staffing and managing international operations.

Any of these factors could harm our international operations and, consequently, our business and consolidated operating results. Specifically, failure to successfully manage risks associated with our international operations could result in higher operating costs than anticipated or could delay or limit our ability to generate revenues and income from construction operations in key international markets.

We are subject to significant legal proceedings, which, if determined adversely to us, could harm our reputation, preclude us from bidding on future projects and/or have a material adverse effect on us.

We are involved in various lawsuits, including the legal proceedings described under Item 3 -- Legal Proceedings. Litigation is inherently uncertain and it is not possible to predict what the final outcome will be of any legal proceeding. A final judgment against us would require us to record the related liability and fund the payment of the judgment and, if such adverse judgment is significant, it could have a material adverse effect on us. Legal proceedings resulting in judgments or findings against us may harm our reputation and prospects for future contract awards.

Our contracts require us to perform extra or change order work, which can result in disputes and adversely affect our working capital, profits and cash flows.

Our contracts generally require us to perform extra or change order work as directed by the customer even if the customer has not agreed in advance on the scope or price of the work to be performed. This process can result in disputes over whether the work performed is beyond the scope of the work included in the original project plans and specifications or, if the customer agrees that the work performed qualifies as extra work, the price the customer is willing to pay for the extra work. Even when the customer agrees to pay for the extra work, we may be required to fund the cost of such work for a lengthy period of time until the change order is approved and funded by the customer.

Also, unapproved change orders, contract disputes or claims cause us to incur costs that cannot be billed currently and therefore may be reflected as "costs and estimated earnings in excess of billings" in our balance sheet. See Note 1(d) of Notes to Consolidated Financial Statements. To the extent our actual recoveries with respect to unapproved change orders, contract disputes or claims are lower than our estimates, the amount of any shortfall will reduce our revenues and the amount of costs and estimated earnings in excess of billings recorded on our balance sheet, and could

have a material adverse effect on our working capital, results of operations and cash flows. In addition, any delay caused by the extra work may adversely impact the timely scheduling of other project work and our ability to meet specified contract milestone dates.

Increased regulation of the hospitality and gaming industry could reduce the number of future hospitality and gaming projects available, which, in turn, could adversely affect our future earnings.

The hospitality and gaming industry is regulated extensively by federal and state regulatory bodies, including state gaming commissions, the National Indian Gaming Commission and federal and state taxing and law enforcement agencies. From time to time, legislation is proposed in the legislatures of some of these jurisdictions that, if enacted, could adversely affect the tax, regulatory, operational or other aspects of the hospitality and gaming industry. Legislation of this type may be enacted in the future. The United States federal government has also previously considered a federal tax on casino revenues and may consider such a tax in the future. In addition, companies that operate in the hospitality and gaming industry are currently subject to significant state and local taxes and fees in addition to normal federal and state corporate income taxes, and such taxes and fees are subject to increase at any time. New legislation or hospitality and gaming regulations could deter future hospitality and gaming construction projects in jurisdictions in which we derive significant revenues. As a result, the enactment of any such new legislation or regulations could adversely affect our future earnings.

If we are unable to accurately estimate the overall risks, revenues or costs on a contract, we may achieve a lower than anticipated profit or incur a loss on that contract.

We generally enter into four principal types of contracts with our clients: fixed price contracts, cost plus fee contracts, guaranteed maximum price contracts, and, to a lesser extent, construction management or design-build contracts. We derive a significant portion of our civil construction segment and management services segment revenues and backlog from fixed price contracts.

Fixed price contracts require us to perform the contract for a fixed price irrespective of our actual costs. As a result, we realize a profit on these contracts only if we successfully control our costs and avoid cost overruns.

Cost plus fee contracts provide for reimbursement of the costs required to complete a project, but generally have a lower base fee and an incentive fee based on cost and/or schedule performance. If our costs exceed the revenues available under such a contract or are not allowable under the provisions of the contract, we may not receive reimbursement for these costs.

Guaranteed maximum price contracts provide for a cost plus fee arrangement up to a maximum agreed-upon price. These contracts also place the risk on us for cost overruns that exceed the guaranteed maximum price.

Construction management contracts are those under which we agree to manage a project for a customer for an agreed upon fee, which may be fixed or may vary based upon negotiated factors. Profitability on these types of contracts is impacted by changes in the scope of work or design issues, which could cause cost overruns beyond our control and limit profits on these contracts.

Cost overruns, whether due to inefficiency, faulty estimates or other factors, result in lower profit or a loss on a project. A significant number of our contracts are based in part on cost estimates that are subject to a number of assumptions. If our estimates of the overall risks, revenues or costs prove inaccurate or circumstances change, we may incur a lower profit or a loss on that contract.

The percentage-of-completion method of accounting for contract revenues may result in material adjustments, which could result in a charge against our earnings.

We recognize contract revenues using the percentage-of-completion method. Under this method, estimated contract revenues are recognized by applying the percentage of completion of the project for the period to the total estimated revenues for the contract. Estimated contract losses are recognized in full when determined. Total contract revenues and cost estimates are reviewed and revised at a minimum on a quarterly basis as the work progresses and as change orders are approved. Adjustments based upon the percentage of completion are reflected in contract revenues in the period when these estimates are revised. To the extent that these adjustments result in an increase, a reduction or an elimination of previously reported contract profit, we recognize a credit or a charge against current earnings, which could be material.

We are subject to a number of risks as a U.S. government contractor, which could either harm our reputation, result in fines or penalties against us and/or adversely impact our financial condition.

We are a provider of services to U.S. government agencies and therefore are exposed to risks associated with government contracting. We must observe laws and regulations relating to the formation, administration and performance of government contracts which affect how we do business with our U.S. government customers and may impose added costs on our business. For example, the Federal Acquisition Regulations and the industrial security regulations of the U.S. Department of Defense and related laws include provisions that allow our U.S. government customers to terminate or not renew our contracts if we come under foreign ownership, control or influence and require us to disclose and certify cost and pricing data in connection with contract negotiations.

Our failure to comply with these or other laws and regulations could result in contract terminations, suspension or debarment from contracting with the U.S. government, civil fines and damages and criminal prosecution and penalties, any of which could cause our actual results to differ materially from those anticipated.

U.S. government agencies generally can terminate or modify their contract with us at their convenience and some government contracts must be renewed annually. If a government agency terminates or fails to renew a contract, our backlog may be reduced. If a government agency terminates a contract due to our unsatisfactory performance, it could result in liability to us and harm our ability to compete for future contracts.

U.S. government agencies, including the Defense Contract Audit Agency, or DCAA, routinely audit and investigate U.S. government contracts and U.S. government contractors' administrative processes and systems. These agencies review our performance on contracts, pricing practices, cost structure and compliance with applicable laws, regulations and standards. They also review our compliance with regulations and policies and the adequacy of our internal control systems and policies, including our purchasing, property, estimating, compensation and management information systems. Any costs found to be improperly allocated to a specific contract will not be reimbursed, and any such costs already reimbursed must be refunded. Moreover, if any of the administrative processes or systems is found not to comply with requirements, we may be subjected to increased government oversight and approval that could delay or otherwise adversely affect our ability to compete for or perform contracts. Therefore, an unfavorable outcome to an audit by the DCAA or another agency could cause our results to differ materially from those anticipated. If an investigation uncovers improper or illegal activities, we may be subject to civil and criminal penalties and administrative sanctions, including termination of contracts, forfeitures of profits, suspension of payments, fines and suspension or debarment from doing business with the U.S. government. In addition, we would suffer serious harm to our reputation if allegations of impropriety were made against us. Each of these results could cause actual results to differ materially from those anticipated.

Our participation in construction joint ventures exposes us to liability and/or harm to our reputation for failures of our partners.

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As part of our business, we enter into joint venture arrangements typically to jointly bid on and execute particular projects, thereby reducing our financial or operational risk with respect to such projects. Success on these joint projects depends in large part on whether our joint venture partners satisfy their contractual obligations. We and our joint venture partners are generally jointly and severally liable for all liabilities and obligations of our joint ventures.

If a joint venture partner fails to perform or is financially unable to bear its portion of required capital contributions or other obligations, including liabilities stemming from lawsuits, we could be required to make additional investments, provide additional services or pay more than our proportionate share of a liability to make up for our partner's shortfall. Further, if we are unable to adequately address our partner's performance issues, the customer may terminate the project, which could result in legal liability to us, harm our reputation, and reduce our profit on a project.

Our pension plan is underfunded and we may be required to make significant future contributions to the plan.

Our defined benefit pension plan is a non-contributory pension plan covering many of our employees. Benefits under our pension plan were frozen as of June 1, 2004. As of December 31, 2008, our pension plan was underfunded by approximately \$27.2 million. We are required to make cash contributions to our pension plan to the extent necessary to comply with minimum funding requirements imposed by employee benefit and tax laws. The amount of any such required contributions is determined based on an annual actuarial valuation of the plan as performed by the plan's actuaries. During 2008, we voluntarily contributed \$3.1 million in cash to our defined benefit pension plan. The amount of our future contributions will depend upon asset returns, then-current discount rates and a number of other factors, and, as a result, the amount we may elect or be required to contribute to our pension plan in the future may vary significantly. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Critical Accounting Policies--Defined Benefit Retirement Plan."

The construction services industry is highly schedule driven, and our failure to meet schedule requirements of our contracts could adversely affect our reputation and/or expose us to financial liability.

Many of our contracts are subject to specific completion schedule requirements and subject us to liquidated damages in the event the construction schedules are not achieved. Our failure to meet schedule requirements could subject us not only to liquidated damages, but could further subject us to liability for our customer's actual cost arising out of our delay and cause us to suffer damage to our reputation within our industry and customer base.

Competition for new project awards is intense and our failure to compete effectively could reduce our market share and profits.

New project awards are often determined through either a competitive bid basis or on a negotiated basis. Bid or negotiated contracts with public or private owners are generally awarded based upon price, but many times other factors, such as shorter project schedules or prior experience with the customer, influence the award of the contract. Within our industry, we compete with many national, regional and local construction firms. Some of these competitors have achieved greater market penetration than we have in the markets in which we compete, and some have greater financial and other resources than we do. As a result, we may need to accept lower contract margins or more fixed price or unit price contracts in order for us to compete against competitors that have the ability to accept awards at lower prices or have a pre-existing relationship with the customer. If we are unable to compete successfully in such markets, our relative market share and profits could be reduced.

We will require substantial personnel and specialty subcontractor resources to execute and perform on our contracts in backlog.

Our ability to execute and perform on our contracts in backlog depends in large part upon our ability to hire and retain highly skilled personnel, including engineering, project management and senior management professionals. In addition, our construction projects require a significant amount of trade labor resources, such as carpenters, masons and other skilled workers, as well as certain specialty subcontractor skills. The growth in the construction industry over the past few years, particularly in areas with significant building activity such as Las Vegas, Nevada, has led to a corresponding increase in the demand for personnel and specialty subcontractor resources and, in some cases, could result in

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shortages for certain types of personnel and subcontractors. Competition for these resources is intense. In the event we are unable to attract, hire and retain the requisite personnel and subcontractors necessary to execute and perform on our contract backlog, we may experience delays in completing projects in accordance with project schedules, which may have an adverse effect on our financial results and harm our reputation. Further, the increased demand for personnel and specialty subcontractors may result in higher costs which could cause us to exceed the budget on a project, which in turn may have an adverse effect on our results of operations and harm our relationships with our

customers. In addition, if we lack the personnel and specialty subcontractors necessary to perform on our current contract backlog, we may find it necessary to curtail our pursuit of new projects.

An inability to obtain bonding could limit the number of projects we are able to pursue.

As is customary in the construction business, we often are required to provide surety bonds to secure our performance under construction contracts. Our ability to obtain surety bonds primarily depends upon our capitalization, working capital, past performance, management expertise and certain external factors, including the overall capacity of the surety market. Surety companies consider such factors in relation to the amount of our backlog and their underwriting standards, which may change from time to time. Since 2001, the surety industry has undergone significant changes with several companies withdrawing completely from the industry or significantly reducing their bonding commitment. In addition, certain reinsurers of surety risk have limited their participation in this market. Therefore, we could be unable to obtain surety bonds, when required, which could adversely affect our future results of operations and revenues.

Conflicts of interest may arise involving certain of our directors.

We have engaged in joint ventures, primarily in civil construction, with O&G Industries, Inc., a Connecticut corporation, whose Vice Chairman is Raymond R. Oneglia, one of our directors. The terms of our joint ventures with any affiliate have been and will be subject to review and approval by our Audit Committee. As in any joint venture, we could have disagreements with our joint venture partner over the operation of a joint venture or a joint venture could be involved in disputes with third parties, where we may or may not have an identity of interest with our joint venture partner. These relationships also may create conflicts of interest with respect to new business and other corporate opportunities.

Our reputation may be harmed and our future earnings may be negatively impacted if we are unable to retain key members of our management.

Our business substantially depends on the continued service of key members of our management, particularly Ronald N. Tutor, Robert Band, Craig W. Shaw, Mark A. Caspers, Richard J. Rizzo, Claude K. Olsen, Jack Frost, Martin B. Sisemore, William R. Derrer and Kenneth R. Burk, who, collectively, have an average of more than 30 years in the construction industry. Losing the services of any of these individuals could adversely affect our business until a suitable replacement can be found. We believe that they could not quickly be replaced with executives of equal experience and capabilities. Generally these executives are not bound by employment agreements with us and we do not maintain key person life insurance policies on any of these executives.

Our business, financial position, results of operations and cash flows could be adversely affected by work stoppages and other labor problems.

We are a signatory to numerous local and regional collective bargaining agreements, both directly and through trade associations. Future agreements reached in collective bargaining could increase our operating costs and reduce our profits as a result of increased wages and benefits. If we or our trade associations are unable to negotiate with any of our unions, we might experience strikes, work stoppages or increased operating costs as a result of higher than anticipated wages or benefits. If our unionized workers engage in a strike or other work stoppage, or our non-unionized employees become unionized, we could experience a disruption of our operations and higher ongoing labor costs, which could adversely affect our business, financial position, results of operations and cash flows.

We are subject to restrictive covenants under our credit facility that could limit our flexibility in managing the business.

Our credit facility imposes operating and financial restrictions on us. These restrictions include, among other things, limitations on our ability to:

§ create liens or other encumbrances;

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- § enter into certain types of transactions with our affiliates;
- § make certain capital expenditures;
- § make investments, loans or other guarantees;
- § sell or otherwise dispose of a portion of our assets; or
- § merge or consolidate with another entity.

In addition, our credit facility prohibits us from incurring debt from other sources without the consent of our lenders.

Our credit facility contains financial covenants that require us to maintain minimum net worth, fixed charge coverage and asset coverage levels as well as a maximum leverage ratio. Our ability to borrow funds for any purpose is dependent upon satisfying these tests.

If we are unable to meet the terms of the financial covenants or fail to comply with any of the other restrictions contained in our credit facility, an event of default could occur. An event of default, if not waived by our lenders, could result in the acceleration of any outstanding indebtedness, causing such debt to become immediately due and payable. If such an acceleration occurs, we may not be able to repay such indebtedness on a timely basis. Since our credit facility is secured by substantially all of our assets, acceleration of this debt could result in foreclosure of those assets. In the event of a foreclosure, we would be unable to conduct our business and may be forced to discontinue ongoing operations.

Funds associated with auction rate securities that we have traditionally held as short-term investments may not be liquid or readily available.

As discussed in Note 3 of Notes to Consolidated Financial Statements included in this report, our investment securities consist of auction rate securities which are not currently liquid or readily available to convert to cash. If the global credit crisis persists or intensifies, it is possible that we will be required to further adjust the fair value of our auction rate securities. If we determine that the decline in the fair value of our auction rate securities is other-than-temporary, it would result in additional impairment charges being recognized in our Consolidated Statement of Operations, which could be material and which could adversely affect our financial results. In addition, the lack of liquidity associated with these investments may require us to access our credit facility until some or all of our auction rate securities are liquidated.

We could face risks associated with environmental laws.

We are subject to federal, state and local environmental laws and regulations, governing activities and operations that may have environmental or health and safety effects, such as the discharge of pollutants into the environment, the handling, storage and disposal of solid or hazardous materials or wastes and the investigation and remediation of contamination. We may be responsible for the investigation and remediation of environmental conditions at currently and formerly owned, leased, operated or used sites. We may be subject to associated liabilities, including liabilities for natural resource damage, third party property damage or personal injury resulting from lawsuits brought by the government or private litigants, relating to our operations, the operations of our facilities, or the land on which our facilities are located. We may be subject to

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these liabilities regardless of whether we lease or own the facility, and regardless of whether such environmental conditions were created by us or by a prior owner or tenant, or by a third party or a neighboring facility whose operations may have affected such facility or land. This is because liability for contamination under certain environmental laws can be imposed on the current or past owners or operators of a site without regard to fault. Moreover, in the course of our operations, hazardous wastes may be generated at third party owned or operated sites, and hazardous wastes may be disposed of or treated at third party owned or operated disposal sites. If those sites become contaminated, we could also be held responsible for the cost of investigating and remediating those sites, for any associated natural resource damage, and for civil or criminal fines or penalties.

We intend to continue to pursue acquisition opportunities, which may be difficult to integrate into our business.

We intend to continue to pursue acquisitions as part of our growth strategy. The process of managing and integrating new acquisitions into our Company may result in unforeseen operating difficulties and may require significant financial, operational and managerial resources that would otherwise be available for the operation, development and expansion of our existing business. To the extent that we misjudge our ability to integrate and properly manage acquisitions, we may have difficulty achieving our operating, strategic and financial objectives.

Acquisitions also may involve a number of special financial, business and operational risks, such as:

- difficulties in integrating diverse corporate cultures and management styles;
- additional or conflicting government regulation;
- disparate company policies and practices;
- client relationship issues;
- diversion of our management's time, attention and resources;
- decreased utilization during the integration process;
- loss of key existing or acquired personnel;
- increased costs to improve or coordinate managerial, operational, financial and administrative systems;
- dilutive issuances of equity securities, including convertible debt securities to finance acquisitions;
- the assumption of legal liabilities; and
- amortization of acquired intangible assets.

In addition to the integration challenges mentioned above, acquisitions of non-U.S. companies offer distinct integration challenges relating to non-U.S. GAAP financial reporting, foreign laws and governmental regulations, including tax and employee benefit laws, and other factors relating to operating in countries other than the United States, which are discussed above in the discussion regarding the difficulties we may face operating outside of the United States.

In connection with mergers and acquisitions, we have recorded goodwill and other intangible assets that could become impaired and adversely affect our operating results.

Under accounting principles generally accepted in the United States, our mergers and acquisitions have been accounted for under the purchase method of accounting. Under the purchase method of accounting, the total purchase price we pay is allocated to the acquired company's tangible assets and liabilities and identifiable intangible assets based on their estimated fair values as of the date of completion of the merger or acquisition. The excess of the purchase price over those estimated fair values is recorded as goodwill. We test goodwill and intangible assets with indefinite lives for impairment annually, in the fourth quarter of each year, and between tests if events occur or circumstances change which suggest that the goodwill or intangible assets should be evaluated. At December 31, 2008, the carrying value of the goodwill and other indefinite-lived intangible assets recorded in mergers and acquisitions totaled \$676.9 million and represents 22% of our total assets of \$3.1 billion. To the extent the value of the goodwill or other intangible assets becomes impaired in the future, we will be required to incur non-cash charges to the Consolidated Statements of Operations relating to such impairment.

If Black Construction's opportunity to win significant business from the expansion of the United States military's operations on the island of Guam does not develop as anticipated, our growth prospects, revenues and earnings could be adversely affected.

A significant portion of the future revenues and growth prospects of Black Construction, one of our subsidiaries, over the next several years is expected to involve the construction of facilities for the expansion of the United States military's base on the island of Guam. This construction is dependent upon the continued implementation of the United States military's announced plan to relocate 8,000 Marines and other military personnel from Okinawa, Japan to the island of Guam by 2014. The continued implementation of the United States military's plan, and the amount of work that Black Construction wins and performs in connection with the expansion of the United States military's base on the island of Guam, depends upon a number of factors, including:

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competition from other construction companies operating on the island of Guam;

the political environment in the United States and Japan;

the financial and other terms agreed upon between the United States and Japan with respect to the relocation;

the United States military's and the Japanese government's availability of funds for the continued funding of the expansion and relocation in light of funding demands for other national priorities and commitments; political, military and terrorist activities that affect the United States foreign policy;

the ability of the Company to invest sufficiently, and on favorable terms, in expanding Black Construction's capabilities on the island of Guam, including hiring and relocating necessary personnel, acquiring land (including for warehousing and barracks) and acquiring and relocating equipment; and economic, political and other risks relating to business outside of the United States (despite the fact that the island of Guam is a United States territory).

Any of these factors could result in a delay or cancellation of some or all of the anticipated work on the island of Guam, which would have an adverse effect on our growth prospects, future revenues and future earnings of the combined company.

As a result of the merger with Tutor-Saliba, we have added new lines of businesses. These acquisitions expose us to additional risks that, if realized, could adversely affect our future financial performance and operations.

In 2007 and 2008, Tutor-Saliba acquired two businesses: Powerco Electric Corp., an electrical construction subcontractor, and Desert Plumbing & Heating Co., Inc., a plumbing and mechanical (including HVAC) subcontractor and certain material mining contracts and material stockpiles in Nevada (which are referred to as the aggregates business). Although Tutor-Saliba has some experience managing and operating these types of businesses, the Company has not had any previous experience in these lines of business. Such new lines of business involve additional risks, such as those associated with entry into new markets, new operating activities, risks associated with integrating the operations of the acquired business into existing operations, managerial challenges and risks associated with marketing and delivering the goods and services provided by these new businesses.

There is no assurance that these new businesses will be operated successfully, will be integrated into our operations or will produce the financial and operating benefits that Tutor-Saliba expected, in making these acquisitions, or that we anticipated in negotiating the terms of the merger and valuing Tutor-Saliba. If the acquired businesses do not perform as expected, or if they are not successfully integrated and managed, the financial performance of our business may be adversely affected.

We may not realize some or all of the expected benefits of our merger with Tutor-Saliba that were considered in negotiating the terms of the merger.

Our Company entered into the merger with Tutor-Saliba with the expectation that it would result in various benefits, including, among other things, synergies, cost savings and operating efficiencies. In negotiating the merger, we used what we believe to be a reasonable estimate of benefits we would start to realize from the merger in 2009. These estimates were based on assumptions and judgments, which are difficult to predict and which are subject to numerous risks and uncertainties. As a result, we may not realize all of these benefits within the timeframes or in the amounts expected. If we do not realize the expected benefits from the merger within the timeframes or in the amounts expected, the trading price of our common stock may decline.

Ronald N. Tutor's ownership interest in the Company, along with his management position and his right to designate up to two nominees to serve as members of our board of directors, will provide him with significant influence over corporate matters and may make a third party's acquisition of the Company (or its stock or assets) more difficult.

As of December 31, 2008, two trusts controlled by Mr. Tutor owned approximately 46% of the outstanding shares of our common stock. In addition, Mr. Tutor is the chairman and chief executive officer of the Company and has the right to designate up to two nominees for election as members of the Company's board of directors. As of the date of this Form 10-K, Mr. Tutor has appointed only one director, and together with

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himself controls 2 of 11 directors. If Mr. Tutor fully exercises his right to appoint two directors, he and his two designees would be 3 of 11 directors, as the size

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of the board would not increase. Although the Shareholders Agreement imposes significant limits on Mr. Tutor's right to vote the shares of our common stock held by Mr. Tutor, two trusts controlled by him and any other affiliates of Mr. Tutor or the trusts (the Tutor Group), or to take specified actions that may facilitate an unsolicited acquisition of control of the Company by Mr. Tutor or his affiliates, Mr. Tutor will nonetheless still be able to exert significant influence over the outcome of a range of corporate matters, including significant corporate transactions requiring a shareholder vote, such as a merger or a sale of the Company or its assets. This concentration of ownership and influence in management and board decision-making also could harm the price of our common stock by, among other things, discouraging a potential acquirer from seeking to acquire shares of our common stock (whether by making a tender offer or otherwise) or otherwise attempting to obtain control of the Company.

We will incur significant compliance, restructuring and other integration costs following the merger with Tutor-Saliba.

We will incur restructuring and integration costs following the merger with Tutor-Saliba. Based on the experience of other merged companies and initial management estimates, costs to integrate computer systems, facilities and insurance arrangements, as well as equipment sizing, employee relocation, retention and severance costs are expected to be incurred. The costs to be incurred are not readily quantifiable and depend on decisions to be made during integration. The costs will be recorded as an expense in the period incurred. In addition, it is expected that our costs related to legal and regulatory compliance may increase substantially, at least in the near term, because Tutor-Saliba has not previously been required to comply with the reporting, internal control, public disclosure and similar legal and regulatory compliance obligations and requirements applicable to publicly traded companies. Although we expect that the elimination of duplicative costs, as well as the realization of other efficiencies related to the integration of the businesses, may offset incremental compliance and restructuring costs over time, this net benefit may not be achieved in the near term or at all.

The public resale by former Tutor-Saliba shareholders of our common stock received in the Tutor-Saliba merger could have a negative effect on the trading price of our common stock.

In the Tutor-Saliba merger, we issued a total of approximately 22.1 million shares of our common stock to two trusts controlled by Mr. Tutor and approximately 900,000 shares to the other shareholders of Tutor-Saliba. None of these shares are registered under the Securities Act of 1933, and they will only be able to be resold pursuant to a separate registration statement or an applicable exemption from registration (under both federal and state securities laws). The shares are subject to contractual restrictions under the terms of the Shareholders Agreement. Under those restrictions, none of those shares are permitted to be resold for six months after completion of the merger (except with the consent of the Company's board of directors or in a registered offering). Thereafter, the trusts will be permitted to sell, in the aggregate, a maximum of approximately 6.6 million shares of our common stock through the fifth anniversary of the completion of the merger (unless the Company's board of directors allows otherwise). Mr. Tutor has indicated that he intends to cause the Tutor Group to sell a portion of the shares of our common stock received in the merger as soon as the initial six-month period lapses on March 8, 2009, subject to market conditions and the terms of the Shareholders Agreement. The Tutor Group has certain rights to require the Company to register their shares for public resale under the terms of the Shareholders Agreement. In addition, if we propose to register any of our shares in a registered public offering, the Tutor Group has a right to include its shares in such offering through a valid piggyback registration of shares, subject to the right of the underwriters of an offering to limit the number of shares included in such registration.

If all or a substantial portion of these shares of our common stock issued in the Tutor-Saliba merger are resold into the public markets, such transactions may cause a decline in the trading price of our common stock.

We will have continuing contractual obligations with Mr. Tutor, which may create conflicts of interest or may not be practical to enforce on our behalf.

The Company and the former Tutor-Saliba shareholders, including Mr. Tutor, continue to have obligations following completion of the Tutor-Saliba merger. These obligations include indemnification obligations, which may entitle the Company to seek recovery from the former Tutor-Saliba shareholders for losses related to pre-merger actions or omissions of Tutor-Saliba. In addition, the Employment Agreement, the Shareholders Agreement and the notes issued

by Tutor-Saliba also include obligations that are in effect, including the restrictions on competitive activities, several of which may be impacted by the operating performance of the Company or Tutor-Saliba or the activities of Mr. Tutor.

In light of the important role Mr. Tutor serves for the Company, it may be more difficult, impractical or inadvisable for the Company to enforce or assert defenses with respect to these contractual obligations against Mr. Tutor than against an unaffiliated third party, which may create a conflict of interest for the Company or Mr. Tutor. Other former Tutor-Saliba shareholders are also expected to have continuing roles with the Company, and a similar conflict of interest may arise, although their interests in the Company will be significantly less than Mr. Tutor's. If we determine that these contractual obligations should not be enforced even if there is a valid claim for enforcement or a valid defense to the enforcement of these obligations, we may not get the entire benefit for which it negotiated in these agreements, including recovery for certain losses related to Tutor-Saliba for which it otherwise would be entitled to indemnification.

The Company, the Company's directors and Tutor-Saliba are named parties to lawsuits relating to the merger that could cause us to incur substantial costs.

A class-action complaint on behalf of a putative Perini stockholder class against the Company, the Company's current directors and Tutor-Saliba relating to the merger is pending in Massachusetts state court. Depending on the outcome, the action and any future similar actions could result in substantial costs to us. In addition, the cost to us of defending the action and any future similar actions, even if resolved in our favor, could be substantial and could divert the attention of our management and its resources in general. See Note 9(h)(1) of Notes to Consolidated Financial Statements for more information.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Properties used in our construction operations are summarized below:

	Business Segment(s)	Owned or Leased by Perini	Approximate Acres	Approximate Square Feet of Office Space
Principal Offices				
Framingham, MA	Building, Civil and Management Services	Owned	9	100,000
Barrigada, Guam	Management Services	Owned	17	88,000
Las Vegas, NV	Building	Leased	-	65,600
Sylmar, CA	Building, Civil and Management Services	Leased	-	45,700
Sylmar, CA	Building	Owned	1	34,000
Redwood City, CA	Building	Leased	-	44,900
Phoenix, AZ	Building	Leased	-	28,400
Jessup, MD	Civil	Owned	3	27,200
Irvine, CA	Building	Owned	2	24,400
Peekskill, NY	Civil	Owned	2	21,000
Ft. Lauderdale, FL	Building	Leased	-	17,500
Los Angeles, CA	Building	Leased	-	15,000
Roseville, CA	Building	Leased	-	13,100
San Diego, CA	Building	Leased	-	13,000
Bartow, FL	Civil	Owned	4	5,000
Celebration, FL	Building	Leased	-	4,800
West Palm Beach, FL	Building	Leased	-	3,600
Las Vegas, NV	Building	Leased	-	3,000
Makati City, Philippines	Management Services	Leased	-	2,500
Las Vegas, NV	Building	Owned	12	-
			50	556,700
Principal Permanent Storage Yards				
Fontana, CA	Building and Civil	Leased	33	
Las Vegas, NV	Building	Owned	29	
Jessup, MD	Civil	Owned	20	
Winslow Township, NJ	Civil	Owned	11	
Stockton, CA	Building	Owned	8	
Framingham, MA	Building and Civil	Owned	6	
Las Vegas, NV	Building	Leased	5	
Barrigada, Guam	Management Services	Leased	4	
Peekskill, NY	Civil	Owned	3	
Pasig, Philippines	Management Services	Leased	1	
			120	

We believe our properties are well maintained, in good condition, adequate and suitable for our purposes.

ITEM 3. LEGAL PROCEEDINGS

Tutor-Saliba-Perini Joint Venture vs. Los Angeles MTA Matter

During 1995, a joint venture, Tutor-Saliba-Perini, or the Joint Venture, in which Perini Corporation, or Perini, was the 40% minority partner and Tutor-Saliba Corporation, or Tutor-Saliba, of Sylmar, California was the 60% managing partner, 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, or 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 Perini jointly and severally (together, TSP). In September, 2008, Tutor-Saliba merged with Perini.

Claims concerning the construction of LAMTA projects were tried in 2001. During the trial, based on the Joint Venture's alleged failure to comply with the court's discovery orders, the judge issued terminating sanctions that resulted in a substantial judgment against TSP.

TSP appealed and, in January 2005, the State of California Court of Appeal reversed the trial court's entire judgment and found that the trial court judge had abused his discretion and had violated TSP's due process rights, and had imposed impermissibly overbroad terminating sanctions. The Court of Appeal also directed the trial court to dismiss LAMTA's claims that TSP had violated the Unfair Competition Law ("UCL") because LAMTA lacked standing to bring such a claim, and remanded the Joint Venture's claims against LAMTA for extra work required by LAMTA and LAMTA's counterclaim under the CFCA against TSP to the trial court for further proceedings, including a new trial.

In 2006, upon remand, the trial court allowed LAMTA to amend its cross-complaint to add the District Attorney as a party in order to have a plaintiff with standing to assert a UCL claim, and allowed a UCL claim to be added. The court also ordered that individual issues of the case be tried separately.

In December 2006, in the trial of the first issue, which arose out of a 1994 change order involving a Disadvantaged Business Enterprise subcontractor pass-through claim, the jury found that the Joint Venture had submitted two false claims for payment and had breached its contract with LAMTA and awarded LAMTA \$111,651 in direct damages. The court has awarded penalties of \$10,000 for each of the two claims and will treble the damages awarded by the Jury. A final judgment with respect to these claims will not be entered until the entire case has been resolved and is subject to appeal. In addition, the court will determine whether there were any violations of the UCL, but has deferred its decision on those claims until the case is completed. Each such violation may bear a penalty of up to \$2,500.

In February 2007, the court granted a Joint Venture motion and precluded LAMTA in future proceedings from presenting its claims that the Joint Venture breached its contract and violated the CFCA by allegedly frontloading the so-called B Series contracts. The court ordered further briefing on LAMTA's UCL claim on this issue.

In December 2007, the court dismissed both TSP's and LAMTA's affirmative work restriction claims.

In September 2008, the Court tentatively ruled that LAMTA's Disadvantaged Business Enterprise (DBE) claims are sufficient to proceed to trial although the Court has not finally so ruled. The Court also heard TSP's argument that LAMTA's DBE program was/is unconstitutional thus making LAMTA's DBE claims unenforceable. TSP is waiting for the Court's ruling as of this time.

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A schedule for addressing the remainder of the case thereafter has not yet been established. The court continues to indicate that it would like the parties to resolve the entire case through mediation. To date, efforts by the parties to settle the case have not been successful.

The ultimate financial impact of the lawsuit is not yet determinable. Therefore, no provision for 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, or PKC, a joint venture in which Perini holds a 56% interest and is the managing partner, is currently pursuing a series of claims for additional contract time and/or compensation against the Massachusetts Highway Department, or 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, or DRB, which consists of three construction experts chosen by the parties. To date, the various DRB panels have issued seven awards and several interim decisions on PKC's claims. The second panel (the Second DRB) has ruled on a binding basis that PKC is entitled to five compensation awards, less credits, totaling \$57.2 million for delays, impacts and inefficiencies caused by MHD to certain of PKC's work. The first three such awards, totaling \$34.5 million, have been confirmed by the Superior Court and were not appealed. The other two awards, totaling \$22.7 million, were confirmed by the Superior Court in January 2009 and may be appealed by MHD. The January 2009 Superior Court decision also held that PKC was entitled to post-award, pre-judgment interest on those two awards, albeit at a lower rate than awarded by the Second DRB.

To date, the current DRB panel (the Third DRB) has made two awards. The first is an award to PKC in the amount of \$50.7 million for further delays, impacts and inefficiencies. Of that total award, \$41.1 million was issued as a binding arbitration award, and the remaining \$9.6 million was issued as a non-binding recommendation. The second award is in the amount of \$5.8 million for delay damages. Of that amount, \$3.3 million was issued as a binding arbitration award, and \$2.5 million was issued as a non-binding recommendation. MHD has appealed both awards.

The Third DRB has also issued three interim decisions. The first interim decision held that PKC's claim for delays, on which it later issued an award, is not barred or limited by the 10% markups for overhead and profit on change orders. The second interim decision held that the date of the project's substantial completion, for purposes of calculating any liquidated damages, is August 23, 2003. Most recently, a third interim decision was issued in which the Third DRB decided which portions of PKC's claims are subject to binding arbitration.

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 \$30 million. MHD disputes that the remaining claims before the DRB may be decided on a binding basis. Hearings before the DRB are scheduled to occur throughout 2009 and into 2010.

Management has made an estimate of the total anticipated cost recovery on this project and it is included in revenue recorded to date. To the extent new facts become known or the final cost recovery included in the claim settlement varies from this estimate, the impact of the change will be reflected in the financial statements at that time.

Investigation by U.S. Attorney for Eastern District of New York

In 2001, the Company received a grand jury subpoena for documents in connection with an investigation by the U.S. Attorney's Office for the Eastern District of New York. The investigation concerns contracting between the Company's civil division and disadvantaged, minority, and women-owned businesses in the New York City area construction industry. The Company has cooperated with the U. S. Attorney's Office in the investigation and produced documents pursuant to the subpoena in 2001 and 2002. In August 2006 and May 2007, the Company received

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additional grand jury subpoenas for documents in connection with the same investigation. The Company subsequently produced documents pursuant to those subpoenas, and continues to cooperate in the investigation. In December 2008, the Company was informed by the U.S. Attorney's Office that a determination had been made not to bring any criminal charges against the Company in connection with the investigation, and that the matter would be best resolved by a purely civil settlement. The Company and the U.S. Attorney's Office are currently negotiating a civil settlement agreement that will resolve all outstanding allegations relating to the Company and its civil division. On January 13, 2009, an indictment stemming from the investigation was unsealed in the Eastern District of New York. The indictment alleges fraud charges against two former employees of the Company - a former president of the civil division and a

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former procurement manager in the civil division. Both of these employees left the Company nearly two years ago, and neither is currently associated with Perini.

The Company recorded a charge in 2007 with respect to this matter which materially affected the operating results of the civil segment. Since this matter has not been settled, the potential for a further charge (or credit) exists; however, management believes that the amount of such further charge or credit, if any, will not be material to the operating results of the Company or to the civil segment.

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) included the complete reconstruction and/or new construction of fourteen bridges and numerous retaining and barrier walls; reconfiguration of the existing interchange with the addition of three flyover bridges; widening and resurfacing of three miles of highway; and a substantial amount of related work. The Company substantially completed the Project in January 2004, and its work on the Project was accepted by the NYSDOT as finally complete in February 2006.

Because of numerous design errors, undisclosed utility conflicts, lack of coordination with local agencies and other interferences for which the Company believes that the NYSDOT is responsible, the Company suffered impacts involving every structure. As a result, the Company incurred significant additional costs in completing its work and suffered a significantly extended Project schedule.

The initial Project schedule contemplated substantial completion in 28 months from the Project commencement in September 2000. Ultimately, the time for substantial completion was extended by the NYSDOT by 460 days. While the Project was under construction, the NYSDOT made \$8.5 million of payments to the Company as additional compensation for its extended overhead costs.

The Company sought approximately \$33 million of additional relief from the NYSDOT for the delay and extra work it experienced. The NYSDOT, however, declined to grant the Company any further relief. Moreover, the NYSDOT stated it will take an adjustment of approximately \$2.5 million of the \$8.5 million it previously paid to the Company for its extended overhead costs. Since the NYSDOT has accepted the Company's work as complete, it must close out the Project contract. The Company is actively pursuing the closeout of this Contract with NYSDOT and hopes to achieve the same within the next few months.

After the closeout of the Project contract by the NYSDOT, the Company had intended to file a formal claim with the NYSDOT for the delay and extra work it experienced, as well as for appropriate portions of the adjustment taken by the NYSDOT to the amounts previously paid to the Company for its extended overhead costs, as a condition precedent to filing an action in the New York Court of Claims. However, as a result of a meeting with the NYSDOT on January 26, 2009, the NYSDOT has indicated a willingness to engage in settlement negotiations to resolve all claims.

Management has made an estimate of the total anticipated cost recovery on the Project and it is included in revenue recorded to date. To the extent new facts become known or the final cost recovery included in the claim settlement varies from this estimate, the impact of the change will be reflected in the financial statements at that time.

The Cosmopolitan Resort and Casino Matter

The Company is engaged in the construction of the Cosmopolitan Resort and Casino, a mixed-use casino/hotel development project in Las Vegas, Nevada, (the Project). On January 16, 2008, Deutsche Bank AG (the Bank) delivered a notice of loan default to Cosmo, Senior Borrower LLC (Cosmo), then the Owner/Developer of the Project. Subsequently, the Bank foreclosed against the property and, as of August 29, 2008, Nevada Property 1 LLC (NP1) acquired title to the Project. Subsequently, NP1 notified the Company that it elected to have the Company continue with the performance of the work, and that it assumed the obligations of Cosmo under the construction contract for the Project.

The Company has an interim commitment from the Bank under which the Bank continues to pay the Company

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for performing construction work on the Project on a monthly basis while NPI finalizes its financing for future payments. The Bank has continued to renew its commitment monthly.

Construction work continues on the Project and all current amounts due the Company have been paid pursuant to the terms of the construction contract.

On August 14, 2008, the parties executed an amendment to the Project contract increasing the contract value and setting the guaranteed maximum price at approximately \$2.3 billion for the Project. The Project currently is expected to be completed in 2010. As of December 31, 2008, approximately \$915 million of work remained to be performed by the Company under the construction contract.

The ultimate financial impact of this matter, if any, is not yet determinable. Therefore, no provision for loss or contract profit reduction, if any, has been recorded in the financial statements.

Queensridge

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. The subcontractors have brought claims against PBC and have filed liens on the property in the amount of approximately \$25 million. PBC has also filed a lien on the property in the amount of \$24 million, representing unpaid contract balances and additional work, which is subordinate to a pre-existing security interest of the lender as to all amounts over \$11.2 million. Queensridge has alleged that Perini and the subcontractors are not due the amounts which were sought and that it has backcharges from incomplete and defective work. Through an action in the Clark County District Court in Nevada, PBC has asked the court to consolidate all of the claims into one proceeding and to compel Queensridge and the subcontractors to participate in binding arbitration of all of those claims per the requirements of the contract. The court has advised that it will not act on the Motion to Compel Arbitration until it rules on several other pending motions, including cross motions for spoliation. To date, efforts by the parties to settle the matter have not been successful.

Management has made an estimate of the total anticipated recovery on this project and it is included in revenues recorded to date. To the extent new facts become known or the final recovery included in the claim settlement varies from this estimate, the impact of the change will be reflected in the financial statements at that time.

Gaylord Hotel and Convention Center

In 2005, Gaylord National, LLC (Gaylord), as Owner, and Perini Building Company, Inc. (PBC) /Tompkins Builders, Joint Venture (PTJV), as Construction Manager, entered into a contract (Contract) to construct the Gaylord National Resort and Convention Center (the Project) in Maryland. PBC is the managing partner of the joint venture. The Project included 2000 hotel rooms, a spa, swimming pool, restaurants, a convention center and other meeting space, surface and structural parking, site work, a central utility plant and various other elements.

PTJV requested payments it alleged were due by Gaylord. Gaylord disputed payment of such amounts and set forth certain claims against PTJV.

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On September 18, 2008, PTJV filed suit against Gaylord and a petition for a lien in the Circuit Court for Prince George's County Maryland. On October 10, 2008, Gaylord filed a separate suit in the same court against PTJV seeking damages. Effective November 26, 2008, the parties reached a settlement. Gaylord agreed to pay PTJV \$42 million to settle all claims of each party against the other as of the settlement date. PTJV agreed to perform additional punchlist and related work valued at \$3 million. PTJV also agreed to pay all subcontractors and defend all claims and lien actions by them relating to the Project.

PTJV expects to close out most subcontracts in the first quarter of 2009. Resolution of the issues remaining with six subcontractors, including PTJV's claim of approximately \$3.8 million against Banker Steel Company, LLC, may require mediation and/or arbitration. A mediation with Pierce Associates, Inc. is scheduled for March, 2009 with

an arbitration, if necessary, to be held in September of 2009.

Management has made an estimate of the total net anticipated recovery on this project and it is included in revenues recorded to date. To the extent new facts become known or the final recovery included in the claim settlement varies from this 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 project has been completed.

The project experienced significant delays, impacts and inefficiencies which TSP maintains were the result of Owner caused delays and design deficiencies. TSP has submitted a claim to the Owner that includes a delay claim which, under the Contract between TSP and the Owner, is compensable at the rate of \$25,000 per day, and a labor and material escalation claim in the amount of \$800,000.

In addition, TSP s subcontractors have submitted various claims, which TSP forwarded to the Owner as pass-through claims to the Owner. Some Subcontractors have filed lawsuits to enforce bond, stop notice and contract rights. Other Subcontractors are anticipated to file lawsuits before expiration of applicable statutes of limitation. With respect to Subcontractor lawsuits, TSP has in turn, filed indemnity claims against the Owner. Pursuant to the provisions of TSP s Subcontract Agreements with its Subcontractors, TSP is not responsible to pay Subcontractors for Owner-caused damages.

The Owner currently is auditing the books and records of TSP and its Subcontractors. Global claims negotiations are now scheduled for May 2009.

Shareholder Litigation

Weitman v. Tutor, et al Matter

On June 19, 2008, an individual named Nina Weitman filed a lawsuit in Superior Court of Middlesex County, Massachusetts, (*Weitman v. Tutor, et al.*, (Massachusetts Superior Court, Middlesex County, No. 08-2351) allegedly on behalf of herself and other shareholders of Perini Corporation (Perini), against Ronald N. Tutor, Robert Band, Raymond R. Oneglia, Michael R. Klein, William W. Brittain, Jr., Robert A. Kennedy, Peter Arkley and Robert L. Miller (collectively, the Individual Defendants); Perini Corporation itself; and Tutor-Saliba Corporation (Tutor-Saliba). Ms. Weitman reportedly owns seventeen (17) shares of Perini Corporation common stock. The complaint alleged generally that the Individual Defendants breached their fiduciary duties to Perini by agreeing to enter into the Merger Agreement with Tutor-Saliba. Specifically, the complaint alleged: that the proxy statement related to, among other things, the meeting of the Perini shareholders to approve the merger, did not provide shareholders with enough information regarding the merger; that the exchange ratio in the Merger Agreement was not fair to the Perini shareholders; and that Perini s board of directors allegedly breached its fiduciary duties by, among other things, allegedly failing to examine strategic alternatives to the merger. The complaint sought, among other forms of relief, certification of the case as a class action, injunctive relief to enjoin the proposed merger, rescission in the event that the merger is consummated before a judgment in the case is entered,

and damages.

The plaintiff had filed a motion seeking expedited procedures for its lawsuit. On August 13, 2008, the Superior Court issued an order denying Plaintiff's motion for expedited procedures. Plaintiff did not file a motion to enjoin the Merger, which was completed on September 8, 2008.

In the Superior Court, Perini had moved to dismiss the complaint as to Perini and Tutor-Saliba. On July 31, 2008, rather than responding to Perini's and Tutor-Saliba's motions to dismiss, plaintiff filed an Amended Complaint alleging new claims for aiding and abetting breach of fiduciary duties and conspiracy, and naming Trifecta Acquisition LLC as a new defendant. The defendants subsequently removed the case to the United States District Court for the District of Massachusetts. Plaintiff moved to remand the case to Massachusetts Superior Court, and the defendants filed

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cross motions to dismiss that they initially filed in that Court. On December 3, 2008, the District Court remanded the case to Middlesex County Superior Court. Defendants have renewed their motions to dismiss, and the court has scheduled a hearing on these motions for February 27, 2009.

Isham and Rollman Securities Litigation Matters

Two putative class actions have been filed in the U.S. District Court for the District of Massachusetts on behalf of individuals who purchased Perini stock between November 2, 2006 and January 17, 2008, alleging securities fraud violations against Perini and company executives Ronald N. Tutor, Robert Band, Michael E. Ciskey and Kenneth R. Burk (collectively, the Isham/Rollman Individual Defendants). The first lawsuit was filed on August 18, 2008, by an individual named William B. Isham. On September 11, 2008, an individual named Marion Rollman filed the second lawsuit.

In both cases, the plaintiffs claim that Perini and the Isham/Rollman Individual Defendants violated sections 10(b) and 20(a) of the 1934 Exchange Act, as well as the SEC's Rule 10b-5. The complaints allege generally that the defendants purportedly made material misrepresentations or omissions in press releases and SEC filings regarding the future prospects for Las Vegas construction projects. The plaintiffs claim that the alleged misrepresentations or omissions had the effect of artificially inflating the value of Perini's stock. Plaintiffs further allege that stock sales by the Isham/Rollman Individual Defendants prior to disclosures related to the developer of one of the Las Vegas projects support the claims that the defendants misrepresented or omitted material facts regarding the future prospects of these projects. Plaintiffs seek certification of the matter as a class action, and damages allegedly incurred by Perini shareholders who had purchased stock during the putative class period. Scheduling orders have not yet been entered in these cases. On October 20, 2008, two pension funds, the Iron Workers District Council, Southern Ohio & Vicinity Pension Trust and the Operating Engineers Construction Industry and Miscellaneous Pension Fund, moved to consolidate the two cases and to be appointed lead plaintiff under the Private Securities Litigation Reform Act (PSLRA). The court granted that motion on December 10, 2008. The parties agreed to a stipulated scheduling order, which provides that plaintiffs are to file a consolidated amended complaint by February 9, 2009 and Defendants are to file any motions to dismiss by March 26, 2009. The consolidated amended complaint repeats the allegations and counts from the initial complaints, while adding additional factual allegations regarding financial difficulties with The Cosmopolitan Resort and Casino project in Las Vegas.

Adams Derivative Lawsuit

On October 7, 2008, an individual named Kathy Adams, allegedly derivatively on behalf of Perini Corporation, filed a suit in Middlesex County, Massachusetts, Superior Court (*Adams v. Tutor, et al.*, (Massachusetts Superior Court, Middlesex County, No. 08-3740)), against defendants Ronald N. Tutor, Willard W. Brittain, Jr., Michael Klein, Robert A. Kennedy, Raymond R. Oneglia, Robert L. Miller, Peter Arkley, Robert Band and C.L. Max Nikias, (collectively, the Adams Individual Defendants) as well as Perini itself as a nominal defendant. Adams did not make a demand on the Board of Directors before filing this derivative lawsuit. On November 14, 2008, Adams voluntarily dismissed her case without prejudice. Adams then sent Perini's board of directors a letter demanding that the board commence an investigation of potential claims against the defendants for alleged breaches of their fiduciary duties owed to Perini resulting from alleged failures to disclose purported problems with the company's Las Vegas construction projects. The board is considering this claim.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

EXECUTIVE OFFICERS OF THE REGISTRANT

Listed below are the names, offices held, ages and business experience of our executive officers.

<u>Name, Offices Held and Age</u>	<u>Year First Elected to Present Office and Business Experience</u>
Ronald N. Tutor, Director, Chairman and Chief Executive Officer 68	He has served as a Director since January 1997 and has served as our Chief Executive Officer since March 2000. He has also served as our Chairman since July 1999, Vice Chairman from January 1998 to July 1999, and Chief Operating Officer from January 1997 until March 2000 when he became Chief Executive Officer. Prior to our merger with Tutor-Saliba Corporation in September 2008, Mr. Tutor served as Chairman, President and Chief Executive Officer of Tutor-Saliba Corporation since prior to 1995 and actively managed that company since 1966.
Robert Band, Director, President and Chief Operating Officer 61	He has served as a Director since May 1999. He has also served as our President since May 1999 and as Chief Operating Officer since March 2000. Previously, he served as Chief Executive Officer from May 1999 until March 2000, Executive Vice President and Chief Financial Officer from December 1997 until May 1999, and President of Perini Management Services, Inc. since January 1996. Previously, he served in various operational and financial capacities since 1973, including Treasurer from May 1988 to January 1990.
Kenneth R. Burk, Senior Vice President and Chief Financial Officer 49	He was appointed to his current position in September 2007. From February 2001 until July 2007, he served as President and Chief Executive Officer of Union Switch and Signal, Inc., a provider of technology services, control systems and specialty rail components for the rail transportation industry. From 1999 until 2000, he served as Executive Vice President and Chief Operating Officer of Railworks Corporation, a provider of services and supplies to the rail transportation industry. From 1994 to 1999, he served as Senior Vice President and Chief Financial Officer of Dick Corporation, a Pittsburgh, Pennsylvania-based engineering and construction firm.
Craig W. Shaw, Chairman and Chief Executive Officer, Perini Building Company 54	He was appointed to his current position in May 2007, which entails overall responsibility for Perini Building Company's operations. Prior to that, he served as President of Perini Building Company from October 1999 until May 2007. From April 1995 until October 1999, he served as President, Perini Building Company, Western U.S. Division; from January 1994 to April 1995 he served as Senior Vice President, Construction for Perini Building Company's Western U.S. Division; and from 1986 to January 1994 he served as Vice President, Construction for Perini Building Company's Western U.S. Division. Previously, he served in various project management capacities with Perini since 1978.

Our officers are elected on an annual basis at the Board of Directors Meeting immediately following the Annual Meeting of Stockholders in May, to hold such offices until the Board of Directors Meeting following the next Annual Meeting of Stockholders and until their respective successors have been duly appointed or until his earlier resignation or removal.

PART II.**ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS****Market Information**

Our common stock is traded on the New York Stock Exchange under the symbol "PCR". The quarterly market high and low sales prices for our common stock in 2008 and 2007 are summarized below:

	2008 High	Low	2007 High	Low
<u>Market Price Range per Common Share:</u>				
Quarter Ended				
March 31	\$ 42.24	\$ 25.08	\$ 39.01	\$ 28.00
June 30	44.80	32.08	64.71	36.00
September 30	32.85	21.42	75.43	45.00
December 31	26.20	11.50	66.75	41.03

Dividends

We have not paid any cash dividends on our common stock since 1990. For the foreseeable future, we intend to retain any earnings in our business and we do not anticipate paying any cash dividends. Whether or not to declare any dividends will be at the discretion of our Board of Directors, considering then existing conditions, including our financial condition and results of operations, capital requirements, bonding prospects, contractual restrictions, acquisition prospects, business prospects and other factors that our Board of Directors considers relevant.

Holdings

At February 17, 2009, there were 794 holders of record of our common stock, including holders of record on behalf of an indeterminate number of beneficial owners, based on the stockholders list maintained by our transfer agent.

Issuer Purchases of Equity Securities (a)**Quarter Ended December 31, 2008**

Total Number	Average	Total Number of Shares Purchased as Part of Publicly	Approximate Dollar Value of Shares that May Yet Be Purchased
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Period	of Shares Purchased	Price Paid Per Share	Announced Plans or Programs	Under the Plans or Programs
October 1, 2008 - October 31, 2008	None			None
November 1, 2008 - November 30, 2008	1,251,408	\$ 13.78	1,251,408	\$ 82,755,508
December 1, 2008 - December 31, 2008	751,990	\$ 19.35	751,990	\$ 68,203,997
TOTAL	2,003,398	\$ 15.87	2,003,398	\$ 68,203,997

(a) On November 13, 2008, the Board of Directors authorized a program to repurchase up to \$100.0 million of the Company's common stock over the then following 12 months. The timing and amount of any repurchase will be based on the Company's evaluation of market conditions, business considerations and other factors. 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.

Performance Graph

The following graph compares the cumulative 5-year total return to shareholders on the Company's common stock relative to the cumulative total returns of the New York Stock Exchange Market Value Index (NYSE) and a Construction Peer Group. The thirteen companies included in the Construction Peer Group were selected by the appropriate construction-related Standard Industrial Classification Codes (or SIC Codes). The comparison of total return on investment, defined as the change in year-end stock price plus reinvested dividends, for each of the periods assumes that \$100 was invested on January 1, 2004, in each of our common stock, the NYSE and the Construction Peer Group, with investment weighted on the basis of market capitalization.

The comparisons in the following graph are based on historical data and are not intended to forecast the possible future performance of our common stock.

COMPARISON OF 5-YEAR CUMULATIVE TOTAL RETURN**AMONG PERINI CORPORATION,****NYSE MARKET VALUE INDEX AND SELECTED CONSTRUCTION PEER GROUP**

	Fiscal Year Ending					
	12/31/2003	12/31/2004	12/31/2005	12/31/2006	12/31/2007	12/31/2008
Perini Corporation	100.00	182.40	263.93	336.39	452.68	255.52
NYSE	100.00	112.92	122.25	143.23	150.88	94.76
Construction Peer Group	100.00	144.26	210.48	261.08	433.30	222.21

The information included under the heading "Performance Graph" in Item 5 of this Annual Report on Form 10-K is furnished and not filed and shall not be deemed to be soliciting material or subject to Regulation 14A, shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the Exchange Act), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act.

ITEM 6. SELECTED FINANCIAL DATA**Selected Consolidated Financial Information**

The following selected financial data has been derived from our audited consolidated financial statements and should be read in conjunction with the consolidated financial statements, the related notes thereto and the independent auditors' report thereon, and Management's Discussion and Analysis of Financial Condition and Results of Operations, which are included elsewhere in this Form 10-K and in previously filed annual reports on Form 10-K of Perini Corporation. Backlog and new business awarded are not measures defined in accounting principles generally accepted in the United States of America and have not been derived from audited consolidated financial statements.

	Year Ended December 31,				
	2008 (1)	2007	2006	2005 (2)	2004
	(In thousands, except per share data)				
<u>OPERATING SUMMARY</u>					
Revenues:					
Building	\$ 5,146,563	\$ 4,248,814	\$ 2,515,051	\$ 1,181,103	\$ 1,298,771
Civil	310,722	234,778	281,137	275,584	138,095
Management Services	203,001	144,766	246,651	276,790	405,449
Total	5,660,286	4,628,358	3,042,839	1,733,477	1,842,315
Cost of Operations	5,327,056	4,379,464	2,873,444	1,663,773	1,750,549
Gross Profit	333,230	248,894	169,395	69,704	91,766
G&A Expense	133,998	107,913	98,516	61,751	43,049
Goodwill and Intangible Asset Impairment (3)	224,478	-	-	-	-
(Loss) Income From Construction Operations	(25,246)	140,981	70,879	7,953	48,717
Other Income (Expense), Net	9,559	15,361	2,581	971	(3,087)
Interest Expense	(4,163)	(1,947)	(3,771)	(2,003)	(704)
(Loss) Income Before Income Taxes	(19,850)	154,395	69,689	6,921	44,926
Provision for Income Taxes	(55,290)	(57,281)	(28,153)	(2,872)	(8,919)
Net (Loss) Income	\$ (75,140)	\$ 97,114	\$ 41,536	\$ 4,049 (5)	\$ 36,007
(Loss) Income Available for Common Stockholders (4)	\$ (75,140)	\$ 97,114	\$ 41,117	\$ 5,330	\$ 34,819
Per Share of Common Stock:					
Basic (Loss) Earnings	\$ (2.19)	\$ 3.62	\$ 1.56	\$ 0.21	\$ 1.47
Diluted (Loss) Earnings	\$ (2.19)	\$ 3.54	\$ 1.54	\$ 0.20	\$ 1.39
Cash Dividend Declared	\$ -	\$ -	\$ -	\$ -	\$ -
Book Value	\$ 23.56	\$ 13.65	\$ 9.18	\$ &n	\$ -