PERINI CORP
Form 10-Q/A
February 14, 2003

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q/A

(X) QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2002

OR

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number 1-6314

Perini Corporation

(Exact name of registrant as specified in its charter)

MASSACHUSETTS	04-1717070
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

73 MT. WAYTE AVENUE, FRAMINGHAM, MASSACHUSETTS 01701-9160
(Address of principal executive offices)
(Zip code)

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

NONE
(Former name, former address and former fiscal year,
if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No __

Number of shares of common stock of registrant outstanding at November 8, 2002: 22,664,135

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PERINI CORPORATION & SUBSIDIARIES

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PERINI CORPORATION AND SUBSIDIARIES

EXPLANATORY NOTE REGARDING AMENDED FORM 10-Q

The Company is filing this Form 10-Q/A because the Form 10-Q filed with the Securities and Exchange Commission on November 14, 2002 contained a clerical error which caused the amount of general and administrative expenses for the nine month period ended September 30, 2002 to be understated by $1,000,000 and the net income for the nine month period ended September 30, 2002 as reported in the Consolidated Condensed Statements of Income to be overstated by $1,000,000. Amounts for general and administrative expenses, net income and earnings per share for the three month period ended September 30, 2002 and amounts for earnings per share for the nine month period ended September 30, 2002 were not affected by this clerical error and are correctly stated as originally filed. This clerical error also had no impact on the Consolidated Condensed Balance Sheets, the Consolidated Condensed Statements of Cash Flows or Management s Discussion and Analysis of the Consolidated Condensed Financial Statements as originally filed.

PERINI CORPORATION AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS
SEPTEMBER 30, 2002 (UNAUDITED) AND DECEMBER 31, 2001
(In Thousands)

ASSETS S

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Cash
Accounts and Notes Receivable
Unbilled Work
Construction Joint Ventures
Net Current Assets of Discontinued Operations
Other Current Assets

Total Current Assets

Other Assets

Property and Equipment, less Accumulated Depreciation of $20,087 in 2002 and $18,768 in 2001

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Maturities of Long-term Debt (Note 3)
Accounts Payable
Advances from Construction Joint Ventures
Deferred Contract Revenue
Accrued Expenses

Total Current Liabilities

Long-term Debt, less current maturities included above (Note 3)

Other Long-term Liabilities (Note 6)

Contingencies and Commitments (Note 7)

Stockholders' Equity:
Preferred Stock
Series A Junior Participating Preferred Stock
Stock Purchase Warrants
Common Stock
Paid-In Surplus
Retained Earnings (Deficit)
Less - Treasury Stock

Accumulated Other Comprehensive Loss

Total Stockholders' Equity

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

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

	THREE MONTHS ENDED SEPTEMBER 30,	
	2002	2001
Revenues (Note 8)	$ 232,805	$ 417,476
Cost of Operations	220,429	403,868
Gross Profit	$ 12,376	$ 13,608
General and Administrative Expenses	8,187	7,019
INCOME FROM OPERATIONS (Note 8)	**$ 4,189**	**$ 6,589**
Other Income (Expense), Net	42	(67)
Interest Expense	(387)	(439)
Income before Income Taxes	$ 3,844	$ 6,083
Provision for Income Taxes (Note 4)	200	240
NET INCOME	**$ 3,644**	**$ 5,843**
Less: Accrued Dividends on $21.25 Preferred Stock (Note 6)	(532)	(532)
NET INCOME AVAILABLE FOR COMMON STOCKHOLDERS	$ 3,112	$ 5,311
BASIC EARNINGS PER COMMON SHARE (Note 5)	$ 0.14	$ 0.23
DILUTED EARNINGS PER COMMON SHARE (Note 5)	$ 0.14	$ 0.22
DIVIDENDS PER COMMON SHARE (Note 6)	$ -	$ -
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING (Note 5):		
BASIC	22,664,135	22,641,342
DILUTED	22,677,505	23,748,738

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

PERINI CORPORATION AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS (UNAUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2002 AND 2001
(In Thousands)

	NINE ENDED SEP
	2002
Cash Flows from Operating Activities:	
Net income	$ 13,549
Adjustments to reconcile net income to net cash from operating activities:	
Depreciation and amortization	2,309
Other long-term liabilities	(941)
Distributions greater than earnings of joint ventures	13,036
Cash used by changes in components of working capital other than cash, net current assets of discontinued operations and current maturities of long-term debt	(51,430)
Other non-cash items, net	(32)
NET CASH USED BY OPERATING ACTIVITIES	$ (23,509)
Cash Flows from Investing Activities:	
Proceeds from sale of property and equipment	$ 140
Acquisition of property and equipment	(3,710)
Capital distributions from unconsolidated joint ventures	9,675
Capital contributions to unconsolidated joint ventures	(18,994)
Investment in discontinued operations	(265)
Investment in other activities	(498)
NET CASH USED BY INVESTING ACTIVITIES	$ (13,652)
Cash Flows from Financing Activities:	
Proceeds from long-term debt	$ 26,816
Reduction of long-term debt	(10,135)
Proceeds from exercise of Common Stock options	-
NET CASH PROVIDED FROM (USED BY) FINANCING ACTIVITIES	$ 16,681
Net Decrease in Cash	$ (20,480)
Cash at Beginning of Year	28,015
Cash at End of Period	$ 7,535
Supplemental Disclosure of Cash Paid During the Period For:	
Interest	$ 2,100
Income tax payments	$ 1,401

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

PERINI CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

(1) Basis of Presentation
The unaudited consolidated condensed financial statements presented herein have been prepared in accordance with the instructions to Form 10-Q and do not include all of the information and note disclosures required by accounting principles generally accepted in the United States. These statements should be read in conjunction with the financial statements and notes thereto included in the Company s Form 10-K for the year ended December 31, 2001. In the opinion of management, the accompanying unaudited condensed financial statements include all adjustments, consisting only of normal recurring adjustments, necessary to present fairly the Company s financial position as of September 30, 2002 and December 31, 2001 and results of operations and cash flows for the three month and nine month periods ended September 30, 2002 and 2001. The results of operations for the nine month period ended September 30, 2002 may not be indicative of the results that may be expected for the year ending December 31, 2002 because the Company s results are primarily generated from a limited number of significant active construction contracts. Therefore, such results can vary depending on the timing of progress achieved and changes in estimated profitability of projects being reported.

(2) Significant Accounting Policies and New Accounting Pronouncements
The significant accounting policies followed by the Company and its subsidiaries in preparing its consolidated financial statements are set forth in Note (1) to such financial statements included in Form 10-K for the year ended December 31, 2001. The Company has made no significant change in these policies during 2002.

In June 2001, the Financial Accounting Standards Board (FASB) issued SFAS No. 142, Goodwill and Other Intangible Assets which addresses the financial accounting and reporting for acquired goodwill and other intangible assets. With the adoption of SFAS No. 142, goodwill is no longer subject to amortization over its estimated useful life. Rather, goodwill will be subject to at least an annual assessment for impairment by applying a fair-value-based test. The Company adopted SFAS No. 142 on January 1, 2002 and ceased amortizing goodwill. The amount of unamortized goodwill at December 31, 2001 is approximately $1,017,000 and is included in Other Assets in the accompanying Consolidated Condensed Balance Sheets. The Company completed the transitional impairment test in 2002 and concluded that goodwill was not impaired. Therefore, the adoption of SFAS No. 142 did not have a material impact on the Company s consolidated financial position or results of operations for the three month or nine month periods ended September 30, 2002.

In August 2001, the FASB issued SFAS No. 144, Accounting for Impairment or Disposal of Long-lived Assets . SFAS No. 144 establishes a single accounting model for the impairment or disposal of long-lived assets and new standards for reporting discontinued operations. The Company adopted SFAS No. 144 on January 1, 2002. The adoption of SFAS No. 144 had no impact on the Company s consolidated financial position or results of operations for the three month or nine month periods ended September 30, 2002.

In June 2002, the FASB issued SFAS No. 146, Accounting for Costs Associated with Exit or Disposal Activities. This statement supersedes Emerging Issues Task Force (EITF) No. 94-3, Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity. Under this statement, a liability for a cost associated with an exit or disposal activity is recognized at fair value when the liability is incurred rather than at the date of an entity s commitment to an exit plan as required under EITF 94-3. The provisions of SFAS No. 146 are effective for exit or disposal activities that are initiated after December 31, 2002, with early adoption permitted. The Company is currently evaluating the impact of SFAS No.146 on the Company s consolidated financial position and results of operations.

PERINI CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(continued)

(3) Long-term Debt

On January 23, 2002, the Company entered into an agreement with a bank group to refinance its prior credit facility with a new $45 million credit agreement (the Credit Agreement). The Credit Agreement provides for a two year secured revolving credit facility which, if not extended or repaid after two years, converts amounts then outstanding to a three year term loan with equal quarterly principal payments. Because of this provision, borrowings under the Credit Agreement are classified as Long-term Debt in the accompanying Consolidated Condensed Balance Sheets.

(4) Provision For Income Taxes

The provision for income taxes reflects a lower than normal tax rate in both 2002 and 2001 due primarily to the realization of a portion of the federal tax benefit not recognized in prior years due to certain accounting limitations. In addition, the provision for income taxes for the nine months ended September 30, 2002 includes the reversal of the federal alternative minimum tax provided in 2001 which is no longer required based on the provisions of the Job Creation and Worker Assistance Act of 2002.

(5) Per Share Data

Basic earnings per common share was computed by dividing net income less accrued dividends on the $21.25 Preferred Stock (see Note 6) by the weighted average number of common shares outstanding. Diluted earnings per common share was similarly computed after giving consideration to the dilutive effect of stock options outstanding on the weighted average number of common shares outstanding.

Options to purchase 3,356,834 shares of Common Stock at prices ranging from $4.50 to $16.44 per share were outstanding at September 30, 2002 but were not included in the computation of diluted EPS because the options exercise price was greater than the average market price of the Common Stock. Options to purchase 574,000 shares of Common Stock at prices ranging from $8.10 to $16.44 per share were outstanding at September 30, 2001 but were not included in the computation of diluted EPS because the options exercise price was greater than the average market price of the Common Stock. In addition, the effect of the assumed conversion of the Company s $21.25 Preferred Stock and Stock Purchase Warrants into Common Stock is antidilutive for all periods presented.

(6) Dividends

(a) Common Stock

There were no cash dividends declared or paid on the Company's outstanding Common Stock during the periods presented in the consolidated condensed financial statements included herein.

(b) $21.25 Preferred Stock

In conjunction with the covenants of the Company's prior Credit Agreements, the Company was required to suspend the payment of quarterly dividends on its $21.25 Preferred Stock until certain financial criteria were met. Quarterly dividends on the $21.25 Preferred Stock have not been paid since 1995 (although they have been fully accrued due to the "cumulative" feature of the $21.25 Preferred Stock). The aggregate amount of dividends in arrears is approximately $14,874,000 at September 30, 2002, which represents approximately $148.74 per share of $21.25 Preferred Stock or approximately $14.87 per Depositary Share and is included in

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PERINI CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(continued)

(6) Dividends (continued)

(b) $21.25 Preferred Stock (continued)

"Other Long-term Liabilities" in the Consolidated Condensed Balance Sheets. Under the terms of the $21.25 Preferred Stock, the holders of Depositary Shares are entitled to elect two additional Directors when dividends have been deferred for more than six quarters, and they did so at each of the last five Annual Meetings of Stockholders.

The Company's most recent Credit Agreement, entered into in January 2002, does not contain restrictions relative to the payment of dividends. However, the Board of Directors does not currently believe that it is proper or prudent to pay or commit to pay dividends on the $21.25 Preferred Stock for the foreseeable future based on the Company's other working capital requirements.

(7) <u>Contingencies and Commitments</u>

(a) Mergentime - Perini Joint Ventures vs. WMATA Matter
On May 11, 1990, two joint ventures in which Perini Corporation held a minority interest ("Joint Ventures") were terminated by the Washington Metropolitan Area Transit Authority ("WMATA") on two adjacent subway construction contracts in the District of Columbia. The contracts were awarded to the Joint Ventures in 1985 and 1986. However, Perini and Mergentime Corporation ("Mergentime"), the 60% managing partner, entered into an agreement in 1987 under which Perini withdrew from the Joint Ventures and Mergentime assumed complete control over the performance of both projects. This agreement did not relieve Perini of its responsibilities to WMATA as a Joint Venture partner. After Perini withdrew from the Joint Ventures, Mergentime and WMATA were embroiled in a dispute regarding progress on the projects. Each party blamed the other for delays that were impacting both cost and progress and the parties were unable to resolve their dispute. Ultimately, both construction contracts were terminated by WMATA and WMATA retained Perini, acting independently, to complete both projects.

Subsequently, the Joint Ventures brought an action in the United States District Court for the District of Columbia against WMATA, seeking damages for delays, unpaid extra work and wrongful termination and WMATA brought an action against the Joint Ventures seeking damages for additional costs to complete the projects. After a bench trial before two District Court Judges (the initial Judge died before the matter could be concluded), the District Court found the Joint Ventures liable to WMATA for damages in the amount of approximately $16.5 million and WMATA liable to the Joint Ventures for damages in the amount of approximately $4.3 million.

The Joint Ventures appealed the judgment to the United States Court of Appeals for the District of Columbia ("Court of Appeals"), arguing, among other things, that the second District Court Judge had issued his final decision without fully familiarizing himself with the record of the initial District Court Judge. On February 16, 1999, the Court of Appeals vacated the District Court's final judgment and ordered the successor District Court Judge to review the findings of the initial Judge and hold further hearings in regard to the Joint Venture's affirmative claims. In addition, the Court of Appeals held that statutory interest on any of the claims will not accrue until final judgment is entered sometime in the future. Later in 1999, the case was transferred to a new successor District Court Judge.

PERINI CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(continued)

(7) <u>Contingencies and Commitments</u> (continued)

(a) Mergentime - Perini Joint Ventures vs. WMATA Matter (continued)
On February 28, 2001, the new successor District Court Judge informed the parties that in the absence of a new trial, he could not certify adequate familiarity with the record to complete the remaining proceedings; therefore, he ordered that the Joint Venture's motion for a new trial be granted.

A new trial before the new successor District Court Judge was completed in January 2002 and a decision is still pending.

(b) Tutor-Saliba-Perini Joint Venture vs. Los Angeles MTA Matter
On March 11, 1995, a joint venture, Tutor-Saliba-Perini ("TSP"), in which Perini Corporation is a 40% minority partner and Tutor-Saliba Corporation of Sylmar, CA is 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 ("MTA") seeking to recover costs for extra work required by the MTA in connection with the construction of the Wilshire/Normandie Subway Station. TSP was seeking additional compensation from the MTA for claims related to the construction and in February 1999 the MTA countered with civil claims under the California False Claims Act against TSP, Tutor- Saliba Corporation, Perini Corporation and other parties. Ronald N. Tutor, the Chairman and CEO of Perini Corporation since March of 2000, is also the CEO and the sole stockholder of Tutor-Saliba Corporation.

Claims concerning the construction of the Wilshire/Normandie Subway Station were tried before a Jury in 2001. During trial, the Judge ruled that TSP had failed to comply with the Court's prior discovery orders and the Judge penalized TSP for its alleged non-compliance by dismissing TSP's claim and by ruling, without a Jury finding, that TSP was liable to the MTA for damages on the MTA's counterclaim. The Judge then instructed the Jury that TSP was liable to the MTA and charged the Jury with the responsibility of determining the amount of the damages based on the Judge's ruling. The Jury awarded the MTA approximately $29.6 million in damages.

On March 26, 2002, the Judge amended the award, ordering TSP to pay the MTA an additional $33.4 million in costs and attorney fees, with the aggregate $63.0 million award subject to interest at an annual rate of 10% from the date of the award.

TSP and the other plaintiffs/defendants in counterclaim have appealed the Judge's discovery sanction, the subsequent Jury award and the amended award. The ultimate financial impact of the Judge's ruling and/or the awards is not yet determinable. Therefore, no provision for loss, if any, has been recorded in the financial statements.

PERINI CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(continued)

(7) Contingencies and Commitments (continued)

(c) Perini/Kiewit/Cashman Joint Venture - Central Artery/Tunnel Project Matter
Perini/Kiewit/Cashman Joint Venture ("PKC"), a joint venture in which Perini Corporation 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 ("MHD") for work performed by PKC on a portion of the Central Artery/Tunnel project in Boston, Massachusetts. The claims relate to the construction of the Northbound Mainline Central Artery Tunnel from Kneeland Street to Congress Street. 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.

PKC's claims are currently being presented to a Disputes Review Board ("DRB") which consists of three construction experts chosen by the parties. To date, the DRB has ruled on a binding basis that PKC is entitled to additional compensation for its contract time delay claim in the amount of $17.4 million. A Judge of the Massachusetts Superior Court has issued a decision upholding the DRB's binding award to PKC. Although MHD challenged several of the DRB's decisions relative to the contract time delay award discussed above, PKC received a favorable ruling on March 20, 2002 from the Superior Court of the Commonwealth of Massachusetts that approved PKC's request to have MHD comply with the DRB's decision to award the $17.4 million for the time delay. The MHD has appealed the Superior Court decision to the Appeals Court of the Commonwealth of Massachusetts.

The DRB has also ruled on a binding basis that PKC is entitled to additional compensation for impacts and inefficiencies caused by MHD to PKC's underpinning work in the amount of $5.6 million and that PKC is entitled to additional compensation for impacts and inefficiencies caused by MHD to PKC's utility work in the amount of $11.5

million. PKC has filed applications in these actions seeking to confirm the awards and MHD has filed civil actions in Massachusetts Superior Court seeking to vacate these awards.

Under the Dispute Resolution Rules of the Contract, either party may periodically terminate the services of some or all of the DRB members provided that Members who are removed under this provision will remain on the Board through the completion of any then pending claims. The MHD has chosen to remove the current DRB Members under this provision and those Members are in the process of completing hearings on all pending claims. Replacement DRB members have been agreed upon and an initial meeting of the new Board is scheduled for December 2002.

The pending claims yet to be decided by the current/replacement DRB on a binding basis have an anticipated value of $41.3 million. The remaining claims to be decided by the replacement DRB on a non-binding basis have an anticipated value of $50.0 million. The ultimate financial impact of resolving all of the claims on this project is not yet determinable.

PERINI CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(continued)

(7) <u>Contingencies and Commitments</u> (continued)

(d) Perini Building Company, Inc. vs. Saginaw Chippewa Indian Tribe of Michigan Matter
In 1995, Perini Building Company, Inc. ("PBC"), a wholly owned subsidiary of Perini Corporation, was hired by the Saginaw Chippewa Indian Tribe ("Tribe") to construct a hotel/casino resort in Mt. Pleasant, Michigan. Since the design for the project was still in process at the time of contract, the parties planned to proceed with construction on a fast-track basis as the design was completed by the Tribe's architect. Although PBC completed a major portion of construction under this fast-track arrangement, a final design was never completed by the Tribe's architect. Ultimately, a dispute arose between the Tribe and the architect regarding the architect's failure to complete the design and the Tribe eventually terminated all contracts on the project, including its contract with the architect and its contract with PBC. Separate arbitration proceedings were then initiated between the Tribe and the architect and between the Tribe and PBC.

On June 5, 2000, the American Arbitration Association found in favor of PBC against the Tribe, awarding PBC approximately $8.9 million in damages, plus costs and attorney/consultants fees in the amount of approximately $1.2 million. On October 30, 2000, PBC filed an action to enforce the award in the Tribal Court of the Saginaw Chippewa Indian Tribe. On January 31, 2002, the Tribal Court refused to confirm the award, claiming that the Tribal Court does not have jurisdiction because the Tribe is immune from suit as a sovereign nation. The contract between PBC and the Tribe provides that PBC may seek enforcement of the award in United States Federal Court if the Tribal Court finds that it does not have jurisdiction. In February 2002, PBC filed an action to enforce the arbitration award in the United States District Court for Michigan ("USDC") and in March 2002 PBC moved for Summary Judgment of its claim in that action. In addition, in February 2002, PBC filed an appeal of the Tribal Court's refusal to enforce the award in the Saginaw Chippewa Appellate Court. The Tribe has moved to dismiss the Federal Court action. On October 11, 2002, PBC's appeal to the Tribal Appellate Court was heard by a three judge panel. To date no decision has been rendered by the Tribal Appellate Court. A hearing on PBC's motion to confirm the arbitration award and the Tribe's motion to dismiss the USDC claim has been scheduled before the Federal District Court for November 25, 2002.

(e) San Francisco State University vs. Perini Matter
This is an action originally brought on June 9, 1999 in San Francisco County Superior Court by San Francisco State University ("SFSU") against Perini and several subcontractors in conjunction with the design and construction of a student dormitory. SFSU alleged that the building suffers from water leakage and structural deficiencies. SFSU sought damages in excess of $85 million, including damages for leak repairs and mold abatement, damages for structural repairs, damages for economic losses, punitive damages and attorneys' fees. Perini asserted that the building was

properly designed and constructed under the contractually identified building code.

Perini was defended by its insurance carriers under a reservation of rights. Perini had brought a third party action for comparative indemnity, equitable indemnity, implied contractual indemnity and declaratory relief against nine of Perini's subcontractors and lower-tier subcontractors.

PERINI CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(continued)

(7) Contingencies and Commitments (continued)

(e) San Francisco State University vs. Perini Matter (continued)
The trial began on June 25, 2002 and proceeded until August 2, 2002 when all claims, counterclaims and crossclaims of all parties were settled and that settlement was approved by the Court. Under the terms of the settlement, Perini has paid to SFSU economic damages in the amount of $16.7 million and will make certain defined repairs and/or modifications to the building. Also under the terms of the settlement, Perini's subcontractors and insurance carriers for both Perini and its subcontractors have contributed substantially to the total amount of the settlement. As a result, management believes that the settlement of this case will not have a material effect on the Company's results of operations or financial condition.

(f) $21.25 Preferred Shareholders Class Action Lawsuit
On May 3, 2001 the Company, including several of its current and former directors ("Defendant Directors"), was served with a complaint entitled Frederick Doppelt, Arthur I. Caplan and Michael Miller v. Perini Corporation, et al, Supreme Court of the State of New York, County of New York, Civil Action No. 602156/01. Each plaintiff was a holder of the Company's $21.25 Convertible Exchangeable Preferred Stock ("$21.25 Preferred Stock"). One plaintiff, Mr. Doppelt, is a current Director of the Company and one plaintiff, Mr. Caplan, is a former Director of the Company. Plaintiffs purported to bring the action individually and on behalf of the entire class of holders of the $21.25 Preferred Stock.

The Plaintiffs asserted claims for breach of contract, breach of fiduciary duty, fraud and negligent misrepresentation. The Plaintiffs principally alleged that the Company and its Defendant Directors improperly authorized the exchange of Series B Preferred Stock for Common Stock without first paying all accrued dividends on the $21.25 Preferred Stock. More specifically, Plaintiffs alleged that the Company and its Defendant Directors violated the terms of the $21.25 Preferred Stock when, in March 2000, the Company authorized the exchange of Series B Preferred Stock for Common Stock. The Plaintiffs further alleged that the Company and its Defendant Directors issued a false and misleading prospectus in 1987 relating to the issuance of the $21.25 Preferred Stock. The Plaintiffs sought payment of accrued dividends, claiming they were owed approximately $11.7 million as of May 3, 2001, and other unspecified punitive and exemplary damages.

On May 23, 2001, the Company and the Defendant Directors removed the action from the Supreme Court of New York to the United States District Court for the Southern District of New York.

On June 26, 2001, the Plaintiffs filed an Amended Complaint whereby the Plaintiffs limited their Class Action to an action for breach of contract against the Company and an action for breach of fiduciary duty against the Defendant Directors. The Company and the Defendant Directors moved to dismiss all of the Plaintiffs' claims.

On March 12, 2002, all claims against the Company and the Defendant Directors were dismissed by the United States District Court for the Southern District of New York.

In April 2002, the Plaintiffs appealed the dismissal to the United States Court of Appeals for the Second Circuit.

PERINI CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(continued)

(7) Contingencies and Commitments (continued)

(f) $21.25 Preferred Shareholders Class Action Lawsuit (continued)
On October 15, 2002, the Plaintiffs filed a new action for breach of fiduciary duty against the Defendant Directors in the United States District Court for the District of Massachusetts. The Company and the Defendant Directors are preparing a motion to dismiss all of these claims.

(g) City of San Francisco suit against Tutor-Saliba Perini & Buckley Joint Venture
On November 1, 2002, the San Francisco City Attorney, on behalf of the City and County of San Francisco and the citizens of California (Plaintiffs), filed a civil action with a demand for a jury trial against Tutor-Saliba Corporation (TSC), the Tutor-Saliba, Perini & Buckley, Joint Venture (JV), Perini Corporation (Perini), Buckley & Company, Inc. (Buckley) and their bonding companies in the United States District Court in San Francisco relating to seven contracts for work on the expansion of the San Francisco International Airport. The Plaintiffs allege various overcharges, bidding violations, violations of minority contracting regulations, civil fraud, and violations of the California and San Francisco False Claims and California Unfair Competition Acts. In addition, the Plaintiffs allege that TSC has violated the United States Racketeer Influenced Corrupt Organizations Act. The Plaintiffs have asserted $30 million in damages and are seeking treble damages, various civil penalties and debarment of the JV and TSC from doing business with the City of San Francisco. The Plaintiffs have not allocated their claims for damages and penalties amongst the defendants or the seven contracts at issue, only two of which involved the JV. TSC is the managing partner of the JV, and in December 1997, Perini sold its entire 20% interest in the JV to TSC. TSC has agreed to indemnify Perini from any liability arising out of the joint venture, including legal fees and expenses. Management will investigate and vigorously defend Perini in this matter. As noted above, TSC is wholly owned by Ronald N. Tutor, who became Chairman and Chief Executive Officer of Perini in March 2000.

(h) Other
Contingent liabilities also include liability of contractors for performance and completion of both Company and joint venture construction contracts. In addition to the legal matters described above, the Company is involved in various lawsuits, arbitration and alternative dispute resolution ("ADR") proceedings. In the opinion of management, the resolution of these proceedings will not have a material effect on the Company's results of operations or financial condition.

PERINI CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(continued)

(8) Business Segments
The following tables set forth certain business segment information relating to the Company's operations for the three month and nine month periods ended September 30, 2002 and 2001 (in thousands):

Nine months ended September 30, 2002

	Reportable Segments			
	Building	Civil	Totals	Cor
Revenues	$586,073	$ 236,409	$ 822,482	$
Income from Operations	$ 18,432	$ 1,849	$ 20,281	$

Assets	$134,966	$ 169,173	$ 304,139	$

Nine months ended September 30, 2001

	Reportable Segments			
	Building	Civil	Totals	Cor
Revenues	$937,581	$ 253,295	$ 1,190,876	
Income from Operations	$ 25,456	$ 1,083	$ 26,539	$
Assets	$196,624	$ 154,034	$ 350,658	$

Three months ended September 30, 2002

	Reportable Segments			
	Building	Civil	Totals	Cor
Revenues	$154,933	$ 77,872	$ 232,805	$
Income from Operations	$ 5,515	$ 493	$ 6,008	$

Three months ended September 30, 2001

	Reportable Segments			
	Building	Civil	Totals	Cor
Revenues	$326,698	$ 90,778	$ 417,476	$
Income from Operations	$ 9,790	$ (1,883)	$ 7,907	$

* In all periods, consists of corporate general and administrative expenses.

** In all periods, corporate assets consist principally of cash, cash equivalents, marketable securities and other investments available for general corporate purposes plus the net assets of discontinued operations.

Part II. - Other Information

Item 6. - Exhibits and Reports on Form 8-K

(a) The following designated exhibits are, as indicated below, either filed herewith or have been filed with Securities and Exchange Commission under the Securities Act of 1933 or th the Securities Act of 1934 and are referred to and incorporated herein by reference to su

Exhibit 3. Articles of Incorporation and By-laws

Incorporated herein by reference:

3.1 Restated Articles of Organization - As amended through March 29, 2000 Exhibit 3.1 to Form 8-K filed on April 12, 2000.

3.2 By-laws - As amended and restated as of March 29, 2000 - Exhibit 3.2 Form 8-K filed on April 12, 2000.

Exhibit 4. Instruments Defining the Rights of Security Holders, Including Indentures

Incorporated herein by reference:

4.1	Certificate of Vote of Directors Establishing a Series of a Class of determining the relative rights and preferences of the $21.25 Convert Exchangeable Preferred Stock - Exhibit 4(a) to Amendment No. 1 to For 2 Registration Statement filed June 19, 1987; SEC Registration No. 33 14434.
4.2	Form of Deposit Agreement, including form of Depositary Receipt - Exh 4(b) to Amendment No. 1 to Form S-2 Registration Statement filed June 1987; SEC Registration No. 33-14434.
4.3	Form of Indenture with respect to the 8 1/2% Convertible Subordinated Debentures Due June 15, 2012, including form of Debenture - Exhibit 4 Amendment No. 1 to Form S-2 Registration Statement filed June 19, 198 SEC Registration No. 33-14434.
4.4	Shareholder Rights Agreement dated as of September 23, 1988, as amended and restated as of May 17, 1990, as amended and restated as o January 17, 1997, between Perini Corporation and State Street Bank an Trust Company, as Rights Agent - Exhibit 4.4 to Amendment No. 1 to Registration Statement on Form 8-A/A filed on January 29, 1997, and a further amended as of March 29, 2000 - Exhibit 4.3 to Form 8-K filed 12, 2000.
4.5	Stock Purchase and Sale Agreement dated as of July 24, 1996 by and among the Company, PB Capital and RCBA, as amended - Exhibit 4.5 to t Company's Quarterly Report on Form 10-Q/A for the fiscal quarter ende September 30, 1996 filed on December 11, 1996 and as amended by the Termination/Amendment Agreement on March 29, 2000 - Exhibit 4.4 to Fo 8-K filed on April 12, 2000.

Part II. - Other Information (continued)

4.8	Certificate of Vote of Directors Establishing a Series of Preferred S determining the relative rights and preferences of the Series B Cumul Convertible Preferred Stock, dated January 16, 1997 - Exhibit 4.8 to filed on February 14, 1997.
4.13	Exchange Agreement by and between Perini Corporation and The Union Labor Life Insurance Company, acting on behalf of its Separate Accoun dated as of February 7, 2000 - Exhibit 10.1 to Form 8-K filed on Apri
4.14	Exchange Agreement by and between Perini Corporation and PB Capital Partners, L.P., dated as of February 14, 2000 - Exhibit 10.2 to Form on April 12, 2000.
4.15	Exchange Agreement by and between Perini Corporation and The Common Fund for Non-Profit Organizations, dated as of February 14, 2000 - Ex 10.3 to Form 8-K filed on April 12, 2000.
4.16	Registration Rights Agreement by and among Perini Corporation, Tutor-Saliba Corporation, Ronald N. Tutor, O&G Industries, Inc. and Nationa Fire Insurance Company of Pittsburgh, Pa., BLUM Capital Partners, L.P Capital Partners, L.P. The Common Fund for Non-Profit Organizations, The Union Labor Life Insurance Company, acting on behalf of its Separ Account P, dated as of March 29, 2000 - Exhibit 4.1 to Form 8-K filed April 12, 2000.
4.17	Shareholders' Agreement by and among Perini Corporation, Tutor-Saliba Corporation, Ronald N. Tutor, O&G Industries, Inc. and National Union

Insurance Company of Pittsburgh, Pa., BLUM Capital Partners, L.P., PB
Capital Partners, L.P., The Common Fund for Non-Profit Organizations,
The Union Labor Life Insurance Company, acting on behalf of its Separ
Account P, dated as of March 29, 2000 - Exhibit 4.2 to Form 8-K filed
April 12, 2000.

Exhibit 10. Material Contracts

Incorporated herein by reference:

10.2 Perini Corporation Amended and Restated General Incentive Compensatio
Plan - Exhibit 10.2 to 1997 Form 10-K filed on March 30, 1998.

10.3 Perini Corporation Amended and Restated Construction Business Unit
Incentive Compensation Plan - Exhibit 10.3 to 1997 Form 10-K filed on
30, 1998.

10.16 Management Agreement dated as of January 17, 1997 by and among the
Company, Ronald N. Tutor and Tutor-Saliba Corporation - Exhibit 10.16
Form 8-K filed on February 14, 1997.

Part II. - Other Information (continued)

10.30 Second Amended and Restated Credit Agreement dated as of March 29,
2000 among Perini Corporation, the Banks listed herein and Morgan
Guaranty Trust Company of New York, as Agent and Fleet National Bank,
Co-Agent - Exhibit 10.4 to Form 8-K filed on April 12, 2000.

10.31 Amendment No. 2 dated as of December 31, 1999 to the Management
Agreement by and among the Company, Ronald N. Tutor and Tutor-Saliba
Corporation - Exhibit 10.31 to Form 10-Q filed on May 9, 2000.

10.32 Special Equity Incentive Plan - Exhibit A to Registrant's Proxy State
Annual Meeting of Stockholders dated April 19, 2000.

10.33 Securities Purchase Agreement by and among Perini Corporation and Tut
Saliba Corporation, O&G Industries, Inc. and National Union Fire Insu
Company of Pittsburgh, PA, dated as of February 5, 2000 - Exhibit 10.
8-K filed on February 9, 2000.

10.34 Promissory Note dated as of September 6, 2000 by and among Mt. Wayte
Realty, LLC (a wholly-owned subsidiary of Perini Corporation) and The
Manufacturers Life Insurance Company (U.S.A.) - Exhibit 10.34 to Form
filed on November 6, 2000.

10.35 Credit Agreement dated January 23, 2002 among Perini Corporation, Fle
National Bank, as Administrative Agent, Fleet National Bank, as Arran
Lenders Party Hereto - Exhibit 10.35 to Form 10-K filed on March 21,

Exhibit 99. Additional Exhibits

99.1 Certification of Principal Executive Officer Pursuant to 18 U.S.C. Se
Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 - f
herewith.

99.2 Certification of Principal Financial Officer Pursuant to 18 U.S.C. Se
Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 - f
herewith.

(b) Reports on Form 8-K

A Form 8-K was filed on August 14, 2002 that reported on the submission to the SEC of s
statements by Ronald N. Tutor, Principal Executive Officer, and Robert Band, Principal
Officer, pursuant to Securities and Exchange Commission Order No. 4-460 in "Item 9. Reg
FD Disclosure" in said Form 8-K.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Perini Corporation
Registrant

Date: February 14, 2003

/s/ Michael E. Ciskey
Michael E. Ciskey, Vice President and Controller
Duly Authorized Officer and Principal Accounting Officer

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Ronald N. Tutor, certify that:

1. I have reviewed this quarterly report on Form 10-Q/A of Perini Corporation;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

a. designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b. evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

c. presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the board of directors (or persons performing the equivalent function):

a. all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: February 14, 2003 /s/ Ronald N. Tutor
Ronald N. Tutor, Chairman and Chief Executive Officer

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Robert Band, certify that:

1. I have reviewed this quarterly report on Form 10-Q/A of Perini Corporation;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

a. designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b. evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

c. presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the board of directors (or persons performing the equivalent function):

a. all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: February 14, 2003

/s/ Robert Band
Robert Band, President, Chief Operating Officer and
Principal Financial Officer