

PERINI CORP  
Form DEFM14A  
August 06, 2008  
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## SCHEDULE 14A

(Rule 14a-101)

### INFORMATION REQUIRED IN PROXY STATEMENT

#### SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934

(Amendment No. )

Filed by the registrant

Filed by a party other than the registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material under Rule 14a-12

**PERINI CORPORATION**

(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of filing fee (Check the appropriate box.):

- No fee required
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11

(1) Title of each class of securities to which transaction applies:

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(2) Aggregate number of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated, and state how it was determined.):

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(4) Proposed maximum aggregate value of transaction:

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Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2), and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration number or the form or schedule and the date of its filing.

(1) Amount previously paid:

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(2) Form, schedule, or registration statement no.:

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(3) Filing party:

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(4) Date filed:

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*Perini Corporation*

*73 Mt. Wayte Avenue*

*Framingham, Massachusetts 01701*

To Perini Corporation Shareholders:

On behalf of the board of directors of Perini Corporation, we are pleased to deliver our proxy statement for our 2008 annual meeting of shareholders, at which you will be asked to vote upon proposals relating to the merger between Perini and Tutor-Saliba Corporation, as well as other matters. Upon completion of the merger, Perini shareholders prior to the merger will own approximately 55% of the combined company's outstanding shares of common stock and the Tutor-Saliba shareholders prior to the merger will own approximately 45% of the combined company's outstanding shares of common stock. We will use the term "combined company" to refer to Perini as it will exist after completion of the merger.

We believe the merger will create a strong combined company that will deliver important benefits to our shareholders. We enthusiastically support the merger and recommend that you vote **FOR** the proposals related to the merger (which are the share issuance proposal and the articles amendment proposal), each of the board of directors' nominees of Class III directors and the other proposals described in the accompanying notice of annual meeting and proxy statement.

The annual meeting of shareholders will be held on September 5, 2008, at the Crowne Plaza Hotel Boston - Natick, located at 1360 Worcester Street, Natick, Massachusetts, at 10:00 a.m., local time. The accompanying notice of annual meeting and proxy statement describe the matters to be presented at the meeting.

Before voting, you should carefully review all the information contained in the accompanying proxy statement. **For a discussion of risk factors which you should consider in evaluating the merger, please see RISK FACTORS beginning on page 26 of the accompanying proxy statement.**

**Your vote is important.** Whether or not you plan to attend the annual meeting, please complete your proxy card and return it to us to ensure that your vote is counted. If you hold your shares through an account with a brokerage firm, bank or other nominee, please follow the instructions you receive from them to vote your shares.

Thank you for your continued support.

Sincerely,

Michael R. Klein

Vice Chairman and Lead Director of the Perini Board of Directors

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the merger described in the accompanying proxy statement or the securities to be issued pursuant to the merger described in the accompanying proxy statement or determined if the accompanying proxy statement is accurate or adequate. Any representation to the contrary is a criminal offense.

The accompanying proxy statement is dated August 6, 2008 and is first being mailed to shareholders on or about August 7, 2008.

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*Perini Corporation*

*73 Mt. Wayte Avenue*

*Framingham, Massachusetts 01701*

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**TO BE HELD ON SEPTEMBER 5, 2008**

TO THE SHAREHOLDERS OF PERINI CORPORATION:

NOTICE IS HEREBY GIVEN that the 2008 annual meeting of the shareholders of Perini Corporation, a Massachusetts corporation ( Perini ), will take place at the Crowne Plaza Hotel Boston Natick, located at 1360 Worcester Street, Natick, Massachusetts, on September 5, 2008, at 10:00 a.m., local time.

At the meeting, holders of Perini common stock will consider and vote on the following matters:

1. a proposal to approve the issuance of 22,987,293 shares of Perini common stock in the merger contemplated by the Agreement and Plan of Merger, dated as of April 2, 2008, by and among Perini, Trifecta Acquisition LLC, Tutor-Saliba Corporation, a California corporation ( Tutor-Saliba ), Ronald N. Tutor and shareholders of Tutor-Saliba, as amended by Amendment No. 1 thereto, dated as of May 28, 2008;
2. a proposal to amend our amended and restated articles of organization to increase the number of authorized shares of Perini common stock from 40 million to 75 million shares;
3. the election of four (4) Class III directors, to hold office for a three-year term, expiring at our 2011 annual meeting of shareholders and until their successors are duly elected and qualified;
4. a proposal to ratify the selection of Deloitte & Touche LLP, independent registered public accountants, as auditors of Perini for the fiscal year ending December 31, 2008;
5. a proposal to amend our 2004 Stock Option and Incentive Plan to increase the number of shares authorized for issuance under the plan from 3 million to 5.5 million;
6. a proposal to approve the adjournment or postponement of the annual meeting if necessary to solicit additional proxies or as otherwise necessary; and
7. such other business as may properly come before the meeting.

The board of directors has fixed the close of business on July 30, 2008 as the record date for the determination of the shareholders entitled to vote at the meeting. Only shareholders of record as of the close of business on the record date will be entitled to notice of and to vote at the meeting and any adjournments or postponements thereof.

A proxy is being solicited from holders of Perini common stock. Whether or not you plan to attend the meeting, please vote as soon as possible. Shareholders have three options for submitting their vote. You may vote by mail by executing and returning the enclosed proxy card in the

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enclosed envelope, which requires no postage if mailed in the United States. You may also vote electronically by logging on to the Internet at [www.investorvote.com/PCR](http://www.investorvote.com/PCR) and following the instructions. The third option is to call 1-800-652-VOTE (8683) and follow the recorded instructions. There is no charge for the call if initiated from the United States.

By order of the board of directors,

Susan C. Mellace,

Corporate Secretary

Framingham, Massachusetts

August 6, 2008

### **Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders to be Held on September 5, 2008**

This proxy statement and the 2007 Annual Report are available for viewing, printing and downloading at <http://phx.corporate-ir.net/staging/phoenix.zhtml?c=106886&p=proxy>.

Copies of our Annual Report on Form 10-K for the fiscal year ended December 31, 2007, as filed with the Securities and Exchange Commission, and as amended on April 29, 2008, except for exhibits, will be furnished without charge to any shareholder upon written or oral request to Perini Corporation, Attn: Investor Relations Dept., 73 Mt. Wayte Ave., Framingham, MA 01701, telephone 508-628-2000.

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**2008 ANNUAL MEETING OF SHAREHOLDERS**

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**QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE MEETING**

*The following questions and answers address briefly some questions you may have regarding the matters to be voted upon at the annual meeting. These questions and answers may not address all questions that may be important to you as a Perini shareholder. Please refer to the more detailed information contained elsewhere in this proxy statement, the annexes to this proxy statement and the documents referred to or incorporated by reference in this proxy statement. In this proxy statement, the terms the Company, Perini, we, us, and our, and any derivation thereof, refer to Perini Corporation prior to the merger with Tutor-Saliba.*

**Why am I receiving this proxy statement?**

Perini is soliciting proxies for the 2008 annual meeting of shareholders. You are receiving a proxy statement because you owned shares of Perini common stock on July 30, 2008, the record date, and that entitles you to vote at the meeting. By use of a proxy, you can vote whether or not you attend the meeting. This proxy statement describes the matters on which we would like you to vote and provides information on those matters so that you can make an informed decision.

**How does this annual meeting differ from Perini's typical annual meeting?**

In addition to the annual task of electing directors and ratifying the appointment of our independent registered public accounting firm, our shareholders will be asked to vote upon a proposal to increase the number of shares authorized under our 2004 Stock Option and Incentive Plan and proposals relating to a merger which, if completed, will significantly expand our scale of operations, increase our geographic scope, and position us for future growth by adding substantial management capacity, client relationships and other financial and operational resources.

**Why has Perini decided to merge with Tutor-Saliba?**

We believe that the merger will provide substantial strategic and financial benefits to our company, our shareholders and our customers, including the following:

increased scale and greater diversification of our business;

entry into additional high-growth and high-margin markets and projects;

consolidation of Ronald N. Tutor's, our chief executive officer and chairman, management activities on the growth and development of the combined company, and elimination of risk that he might leave Perini to focus on Tutor-Saliba;

additional management depth and enhanced management capabilities;

enhanced commercial building and civil business operations, due to the complementary and synergistic strengths of the two companies in these market segments;

greater opportunities to win new, substantial contracts to drive accelerated revenue growth;

ability to use the strength of Perini's balance sheet to win additional large civil and public works projects that require surety capacity in excess of what Tutor-Saliba was able to obtain; and

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opportunities to realize significant synergies.

Please see "Reasons for the Merger" beginning on page 47 for a detailed discussion of the reasons for and benefits of the merger.

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### **When do you expect the merger to be completed?**

We hope to complete the merger as soon as reasonably practicable. We are working to complete the merger by the end of the third quarter of 2008. We cannot consummate the merger until the Perini shareholders approve the proposals related to the merger described in this proxy statement and until the other conditions set forth in the Agreement and Plan of Merger, dated as of April 2, 2008, by and among Perini, Trifecta Acquisition LLC, Tutor-Saliba, Ronald N. Tutor and shareholders of Tutor-Saliba (which we refer to in this proxy statement as the Merger Agreement), are satisfied or waived by the respective parties to the Merger Agreement. In addition, other factors outside of our control could require us to complete the merger at a later time or not to complete it at all. For a discussion of the conditions to the completion of the merger and of the risks associated with the failure to satisfy such conditions, please see The Merger Agreement beginning on page 73 and Risks Factors The merger may not be completed, which could adversely affect Perini's business operations and stock price. beginning on page 26.

### **What are the specific proposals that shareholders will consider with respect to the merger?**

There are two proposals related to the merger:

1. a proposal to approve the issuance of 22,987,293 shares of Perini common stock in the merger contemplated by the Merger Agreement, referred to in this proxy statement as the share issuance proposal; and
2. a proposal to amend our amended and restated articles of organization to increase the number of authorized shares of Perini common stock from 40 million to 75 million shares, referred to in this proxy statement as the articles amendment proposal.

### **What other proposals will shareholders be asked to vote on at the annual meeting?**

In addition to the merger proposals, Perini shareholders are being asked to vote on the following matters:

the election of four (4) Class III Directors, to hold office for a three-year term, expiring at our 2011 annual meeting of shareholders and until their successors are duly elected and qualified;

a proposal to ratify of the selection of Deloitte & Touche LLP, independent registered public accountants, as auditors of Perini for the fiscal year ending December 31, 2008;

a proposal to amend of our 2004 Stock Option and Incentive Plan to increase the number of shares authorized for issuance under the plan from 3 million to 5.5 million, referred to in this proxy statement as the plan amendment proposal; and

a proposal to approve the adjournment or postponement of the annual meeting if necessary to solicit additional proxies or as otherwise necessary.

### **What is the purpose of the amendment of the Perini amended and restated articles of organization?**

Under our current amended and restated articles of organization, we do not have a sufficient number of shares of Perini common stock authorized to satisfy our obligations to issue approximately 23 million shares to the Tutor-Saliba shareholders in connection with the merger. We are proposing to amend our amended and restated articles of organization to increase the number of authorized shares of Perini common stock available for issuance from 40 million to 75 million. Perini does not intend to amend its amended and restated articles of organization to effect this change unless the merger will be completed (even if the Perini shareholders have approved the articles amendment proposal).

### **Are there risks I should consider in deciding how to vote on the proposals related to the merger?**

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Yes. In evaluating the proposals related to the merger, you should carefully read this proxy statement, including the factors discussed in the section "Risk Factors" beginning on page 26. *You are urged to read this proxy statement in its entirety prior to voting or submitting a proxy.*

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### **What votes are required to adopt the proposals that will be submitted to shareholders at the annual meeting?**

Assuming a quorum is present (other than with respect to Proposal 6), the following votes are required to approve the proposals:

*Proposal 1:* Approval of the share issuance proposal requires the affirmative vote of the holders of a majority of the votes cast at the annual meeting (provided that the total votes cast on the proposal represents over 50% in interest of all Perini common stock entitled to vote on the proposal at the annual meeting).

*Proposal 2:* Approval of the articles amendment proposal requires the affirmative vote of holders of a majority of the outstanding shares of Perini common stock entitled to vote at the annual meeting (regardless of whether such holders are present in person or represented by proxy at the annual meeting).

*Proposal 3:* Election of each of the nominees for director requires the affirmative vote of a plurality of the votes cast at the annual meeting.

*Proposal 4:* Ratification of the selection of Deloitte & Touche, LLP as our independent auditors for 2008 requires the affirmative vote of a majority of the votes cast on the proposal at the annual meeting.

*Proposal 5:* Approval of the plan amendment proposal requires the affirmative vote of the holders of a majority of the votes cast at the annual meeting (provided that the total votes cast on the proposal represents over 50% in interest of all Perini common stock entitled to vote on the proposal at the annual meeting).

*Proposal 6:* Approval of a proposal to adjourn or postpone the annual meeting requires the affirmative vote of holders of a majority of the votes cast on the proposal at the annual meeting, whether or not a quorum is present.

The actions contemplated by Proposals 1, 2 and 5, even if approved by our shareholders, will not occur unless we complete the merger.

### **Why is my vote important?**

If you do not return your proxy card or submit your proxy by telephone or via the Internet or vote in person at the annual meeting, it will be more difficult for Perini to obtain the necessary quorum to hold the annual meeting. For the Perini annual meeting, the presence, in person or by proxy, of holders of a majority of the issued and outstanding shares entitled to vote at the meeting constitutes a quorum for the transaction of business. If a quorum is not present at Perini's annual meeting, our shareholders will not be able to take action on any of the proposals at that meeting.

In addition, your vote is important because, in light of the voting requirements described above, abstentions, failures to vote and broker non-votes will have the same effect as a vote against the articles amendment proposal (Proposal 2). Moreover, if you do not return your proxy card, submit your proxy by telephone or via the Internet, vote in person at the annual meeting or provide your bank, broker, custodian or other recordholder with instructions on how to vote your shares on Proposal 1 and Proposal 5, or you abstain on Proposal 1 or Proposal 5, it will be more difficult for Perini to ensure that the total votes cast on each of the share issuance proposal and the plan amendment proposal represent over 50% in interest of all Perini common stock entitled to vote on each such proposal. Accordingly, if you do not vote, it will be less likely that the votes necessary to approve the merger and the amendment to the plan will be obtained.

### **What do I need to do now?**

After carefully reading and considering the information in this proxy statement, please submit your proxy by telephone or via the Internet in accordance with the instructions set forth in the enclosed proxy card, or fill out, sign and date the proxy card, and then mail your signed proxy card in the enclosed prepaid envelope so that your shares may be voted at the annual meeting.

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### **Do I need to send in my stock certificates if the merger is completed? Should I send in my stock certificates?**

No. You will not be required to exchange your certificates representing shares of Perini common stock in connection with the merger. Tutor-Saliba is merging with a wholly owned subsidiary of Perini. In the merger, Perini will issue additional shares of its common stock to the shareholders of Tutor-Saliba in exchange for their shares of Tutor-Saliba common stock. The previously outstanding shares of Perini common stock will continue to remain outstanding following the merger. You will not receive any cash or securities in connection with the merger, but instead you will continue to hold your existing shares of Perini common stock.

### **May I vote in person?**

Yes. If you are a shareholder of record as of July 30, 2008, you may attend our annual meeting and vote your shares in person instead of returning your signed proxy card or submitting your proxy by telephone or via the Internet. However, because you can revoke a previously granted proxy by attending our annual meeting and voting your shares in person, we urge you to return your proxy card or submit your proxy by telephone or via the Internet even if you are planning to attend our annual meeting.

### **If my shares are held in street name by my broker, will my broker vote my shares for me even if I do not give my broker voting instructions?**

Your broker will vote your shares if you provide instructions on how to vote. In addition, brokerage firms have the authority under the rules of the NYSE to vote their clients' unvoted shares on certain routine matters. The election of directors (Proposal 3), the ratification of Deloitte & Touche LLP as our independent auditors for the fiscal year ending December 31, 2008 (Proposal 4) and the proposal to adjourn or postpone the annual meeting (Proposal 6) are considered routine matters, therefore, your brokerage firm may vote your shares for you if you do not return your proxy. However, the proposals related to the merger and the plan amendment proposal are not routine matters under the NYSE rules, and your broker does not have discretionary authority to vote on those proposals. Therefore, if your shares are held in street name by your broker and you do not provide your broker with instructions on how to vote your street name shares, your broker will not be permitted to vote on (i) the share issuance proposal, (ii) the articles amendment proposal or (iii) the plan amendment proposal. You should therefore be sure to provide your broker with instructions on how to vote your shares. Please check the voting form used by your broker to see if it offers telephone or Internet submission of proxies.

### **Can I revoke my proxy and change my vote?**

Yes. You have the right to revoke your proxy at any time prior to the time your shares are voted at the annual meeting. If you are a shareholder of record, your proxy can be revoked in several ways: by timely delivery of a written revocation to our corporate secretary, by submitting another valid proxy bearing a later date or by attending the annual meeting and voting your shares in person.

You may also revoke your proxy and submit a new proxy by telephone or via the Internet.

However, if your shares are held in the name of your bank, broker, custodian or other recordholder, you must check with your bank, broker, custodian or other recordholder to determine how to revoke your proxy.

### **How will my shares be voted if I send in my signed proxy without providing any voting instructions?**

If no direction is indicated, the proxies will be voted (1) **FOR** each director nominee and **FOR** approval of Proposals 1, 2, 4, 5 and 6, and (2) as to any matters for which Perini did not have notice on or before August 6, 2008 properly brought before the annual meeting, in the sole discretion of the Perini board of directors as to such matters.

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**When and where is the annual meeting?**

The Perini annual meeting will take place at the Crowne Plaza Hotel Boston Natick, located at 1360 Worcester Street, Natick, Massachusetts, on September 5, 2008, at 10:00 a.m., local time.

**Who can help answer my questions regarding the meeting or the merger?**

INNISFREE M&A INCORPORATED

501 Madison Avenue, 20th Floor

New York, New York 10022

Shareholders call toll-free: (877) 750-5836

Banks and Brokers may call collect: (212) 750-5833

You may also contact:

Perini Corporation

73 Mt. Wayte Avenue

Framingham, MA 01701

Attention: Susan C. Mellace, Corporate Secretary

(508) 628-2000

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**SUMMARY**

*This summary highlights selected information from this proxy statement with respect to the proposed merger and may not contain all of the information that is important to you. To understand the merger fully and for a more complete description of the legal terms of the Merger Agreement and the related agreements, you should carefully read this entire proxy statement. Please see *Where You Can Find Additional Information* beginning on page 152. We have included references to other portions of this proxy statement to direct you to a more complete description of the topics presented in this summary, which you should review carefully in their entirety.*

**The Companies (see page 35)**

*Perini Corporation Trifecta Acquisition LLC 73 Mt. Wayte Avenue Framingham, Massachusetts 01701 (508) 628-2000*

Perini is a leading construction services company that operates in three primary segments: building, civil and management services. Our building segment focuses on large, complex projects in the hospitality and gaming, sports and entertainment, educational, transportation, corrections, healthcare, biotech, pharmaceutical and high-tech markets in New York, Connecticut, New Jersey, Massachusetts, Florida, Washington, D.C., Arizona, Nevada and California. Our civil segment focuses on public works construction primarily in the northeastern and mid-Atlantic United States, including the repair, replacement and reconstruction of public infrastructure such as highways, bridges, mass transit systems and wastewater treatment facilities. Our management services segment provides diversified construction, design-build and maintenance services to the United States military and government agencies as well as surety companies and multi-national corporations in the United States and overseas.

Trifecta Acquisition LLC is a California limited liability company and a wholly owned subsidiary of Perini. It was formed solely for the purpose of entering into the Merger Agreement with Perini and Tutor-Saliba and completing the merger. It has not conducted any business operations other than those contemplated by the Merger Agreement.

*Tutor-Saliba Corporation 15901 Olden Street Sylmar, California 91342 (818) 362-8391*

Tutor-Saliba is a leading civil infrastructure and commercial building construction company that operates in three segments: domestic building, domestic civil and international. Tutor-Saliba's domestic building operations focus on large, complex buildings in the gaming and hospitality, sports and entertainment, transportation, education and healthcare markets, primarily in Nevada and California. Tutor-Saliba's domestic civil operations focus on large, complex public infrastructure construction, including highways, bridges, airports, wastewater treatment facilities and mass transit systems focused primarily in California and New York. Tutor-Saliba's primary customers in its domestic civil segment are federal and state government agencies and local municipalities. Tutor-Saliba's international operations are conducted primarily on the island of Guam and in the Philippines.

Tutor-Saliba is a privately held corporation. Its principal shareholders are two trusts controlled by Ronald N. Tutor, who is our chairman and chief executive officer.



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**The Merger and the Merger Agreement (see page 35)**

In the merger, Tutor-Saliba will merge with and into Trifecta Acquisition LLC, with Trifecta Acquisition LLC surviving the merger and continuing as a wholly owned subsidiary of Perini. Upon completion of the merger, Trifecta Acquisition LLC will be renamed Tutor-Saliba LLC.

The merger will be completed only after the satisfaction or waiver of the conditions to the completion of the merger set forth in the Merger Agreement among Perini, Tutor-Saliba and the other parties thereto. The Merger Agreement as executed is attached as *Annex A* to this proxy statement. Amendment No. 1 to the Merger Agreement is attached as *Annex AA* to this proxy statement. Unless specifically stated otherwise, reference to the Merger Agreement in this proxy statement refers to the Merger Agreement, as amended. We encourage you to read the Merger Agreement carefully and fully, as it is the legal document that governs the merger.

**Merger Consideration (see page 74)**

In the merger, Perini will issue 22,987,293 shares of Perini common stock to the Tutor-Saliba shareholders in exchange for their shares of Tutor Saliba common stock. Upon completion of the merger, Perini shareholders prior to the merger will own approximately 55% of the combined company's outstanding shares of common stock and Tutor-Saliba shareholders prior to the merger will own approximately 45% of the combined company's outstanding shares of common stock. Two trusts controlled by Mr. Tutor, which collectively own approximately 96% of the outstanding shares of Tutor-Saliba common stock, will own approximately 43% of the outstanding shares of the combined company's common stock upon completion of the merger. In this proxy statement, we refer to the Tutor-Saliba shareholders immediately prior to the merger who will receive Perini common stock in connection with the merger as the former Tutor-Saliba shareholders.

Based on the closing price per share of Perini common stock of \$38.25 on April 2, 2008, which is the date on which we publicly announced execution of the Merger Agreement after the end of the full trading day, the dollar value of the shares of Perini common stock to be issued as consideration for the merger was approximately \$879.3 million. On a preliminary basis, we estimate that the purchase price, together with transaction costs that are currently estimated to be approximately \$19.2 million, will be allocated to the net assets of Tutor-Saliba as follows:

Net tangible assets as of March 31, 2008 at estimated fair value: \$4.6 million

Identifiable intangible assets: \$234.9 million

Deferred tax liabilities: \$(87.4 million)

Goodwill: \$746.4 million

The preliminary estimated amount of goodwill resulting from the merger of \$746.4 million generally represents the value of Tutor-Saliba's geographic market presence, accumulated experience as a general contractor, relationships with suppliers and subcontractors, management team and assembled workforce and the ability of these elements to contribute to the generation of significant future cash flows. Perini believes that the merger will provide substantial strategic and financial benefits to the company beyond what another potential market participant could realize. Please see [Questions and Answers About the Merger and the Meeting Why has Perini decided to merge with Tutor-Saliba?](#) beginning on page 1 and [Reasons for the Merger](#) beginning on page 47 for a detailed discussion of the reasons for and benefits of the merger and [Opinion of UBS Securities LLC](#) beginning on page 59 for information regarding the Special Committee's valuation of Tutor-Saliba.

Based on these amounts, and after reflecting the pro forma adjustments described in the section of this proxy statement entitled [Unaudited Pro Forma Condensed Combined Financial Statements](#) beginning on page 113,

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the pro forma diluted earnings per common share of the combined company for the three months ended March 31, 2008 is \$0.74 and the pro forma diluted earnings per common share of the combined company for the year ended December 31, 2007 is \$2.70 (excluding Tutor-Saliba's non-recurring gain on the sale of marketable securities). The unaudited pro forma condensed combined financial statements apply certain assumptions and adjustments which are based upon available information and assumptions that the managements of Perini and Tutor-Saliba believe reasonably reflect the merger.

### **Exchange Ratio (see page 74)**

Pursuant to the Merger Agreement, each share of Tutor-Saliba common stock issued and outstanding immediately prior to the completion of the merger, but excluding shares of Tutor-Saliba common stock owned by Tutor-Saliba or any of its subsidiaries, will be converted into the right to receive a number of shares of Perini common stock equal to the quotient obtained by dividing (i) 22,987,293 shares of Perini common stock by (ii) the total number of shares of Tutor-Saliba common stock issued and outstanding as of immediately prior to the effective time of the merger. This quotient, which is referred to in this proxy statement as the exchange ratio, determines the number of shares of Perini common stock that would be received by the former Tutor-Saliba shareholders in the merger in exchange for each share of Tutor-Saliba common stock that is outstanding immediately prior to the effective time of the merger (other than certain excluded shares specified in the Merger Agreement).

As of June 30, 2008, there were 900,043 shares of Tutor-Saliba common stock outstanding. The exchange ratio, if computed as of such date, would be 25.54 shares of Perini common stock for each outstanding share of Tutor-Saliba common stock. As the number of shares of Perini common stock to be issued in the merger is fixed, any change to the number of shares of Tutor-Saliba common stock that are outstanding immediately prior to completion of the merger will result in a change in the exchange ratio but will have no effect on the capitalization of the combined company.

### **The Shareholders Agreement (see page 86)**

In connection with the execution of the Merger Agreement, Perini, Mr. Tutor and the other former Tutor-Saliba shareholders who will become Perini shareholders pursuant to the merger entered into a shareholders agreement. In this proxy statement, we refer to this agreement as the Shareholders Agreement. The Shareholders Agreement will become effective upon the completion of the merger.

The Shareholders Agreement imposes certain restrictions on, and provides certain rights to, the former Tutor-Saliba shareholders, in particular with respect to the shares of Perini common stock they will receive in the merger. The terms of the Shareholders Agreement are intended to (i) limit the degree of influence that Mr. Tutor and the other former Tutor-Saliba shareholders will be able to exert as Perini shareholders over the governance of Perini and on matters that are subject to a vote of Perini shareholders (other than in Mr. Tutor's capacity as a member of the Perini board of directors), (ii) require that a significant amount of Mr. Tutor's personal net worth, including through two trusts controlled by him, will be tied to the performance of the combined company, and (iii) prevent a disorderly sale of the shares of Perini common stock to be issued in the merger. The Special Committee negotiated with Tutor-Saliba for the restrictions on Mr. Tutor's influence as a Perini shareholder in light of the large percentage of the combined company to be held by the trusts controlled by Mr. Tutor and the potential influence that he might otherwise have had (and that the other Perini shareholders would have lost) by virtue of this large ownership interest. In particular, the Special Committee sought to limit Mr. Tutor's ability as a Perini shareholder to influence or control certain actions that are subject to a vote of all Perini shareholders. The Special Committee also sought to restrict Mr. Tutor from acquiring the combined company (without the consent of the Perini board of directors) or from completing block transfers of shares of Perini common stock at a premium price not generally available to other Perini shareholders.

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The Shareholders Agreement includes voting restrictions providing that for at least three years following the merger (and longer if Mr. Tutor, two trusts controlled by him and any other affiliates of Mr. Tutor or the trusts, which we refer to collectively in this proxy statement as the Tutor Group, continue to hold at least 20% of the outstanding shares of Perini common stock), all of the shares of Perini common stock held by the Tutor Group will be voted in favor of the slate of director nominees recommended by the Perini board of directors. On all other matters subject to a vote of shareholders, the Tutor Group will be permitted to vote no more than 20% of the outstanding shares of Perini common stock in their discretion, with all shares owned by the Tutor Group in excess of 20% being voted in the same proportion as shares are voted by all other Perini shareholders (excluding the Tutor Group) on the applicable matter.

The Shareholders Agreement also includes standstill restrictions. These standstill restrictions prohibit the Tutor Group, subject to certain exceptions, from taking certain actions that could facilitate an unsolicited acquisition of control of Perini or from acquiring (collectively) a greater percentage of the outstanding shares of Perini than they owned (collectively) upon completion of the merger for at least three years following the merger (and longer if the Tutor Group continues to hold at least 20% of the outstanding shares of Perini common stock).

In addition, the Shareholders Agreement includes transfer restrictions with respect to the shares of Perini common stock to be received in the merger. These restrictions provide that none of the former Tutor-Saliba shareholders may sell or otherwise transfer any shares of Perini common stock to unaffiliated third parties for six months after the completion of the merger. Thereafter, until the later of the fifth anniversary of the completion of the merger and such time as the Tutor Group ceases to own 20% of the outstanding shares of Perini common stock, the Tutor Group must continue to own at least 70% of the shares of Perini common stock they received (collectively) in the merger unless otherwise approved by a majority of the Perini board of directors other than Mr. Tutor and any director designated by the shareholder representative. However, following the fifth anniversary of the completion of the merger, or the termination of Mr. Tutor's employment without Cause (as defined in the Employment Agreement), the Tutor Group may transfer shares of Perini common stock so long as the transfers are not in the form of transfers of shares in excess of 15% of the outstanding shares of Perini common stock to any person or group. In addition, all transfer restrictions under the Shareholders Agreement terminate on the date that is the later of the fifth anniversary of the completion of the merger and such time as the Tutor Group ceases to own 20% of the aggregate issued and outstanding shares of Perini common stock.

In addition, the Shareholders Agreement provides the former Tutor-Saliba shareholders with registration rights with respect to shares of Perini common stock acquired pursuant to the merger.

The Shareholders Agreement also contains certain agreements related to the composition of the Perini board of directors after the merger described below in Post-Merger Governance and Management.

### **The Employment Agreement (see page 89)**

In connection with the execution of the Merger Agreement, Perini and Mr. Tutor entered into an employment agreement. We refer to this agreement as the Employment Agreement in this proxy statement. The Employment Agreement will become effective upon the completion of the merger.

Pursuant to the Employment Agreement, Mr. Tutor has agreed that he will serve as chairman and chief executive officer of Perini. The initial term of the Employment Agreement is five years (beginning on the date of completion of the merger), and it renews automatically thereafter for successive one-year periods.

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### **The Merger Proposals (see page 36)**

At the annual meeting, among other matters, the holders of Perini common stock will be asked to consider and vote on the following proposals related to the merger:

*Proposal 1:* A proposal to approve the issuance of 22,987,293 shares of Perini common stock in the merger contemplated by the Merger Agreement; and

*Proposal 2:* A proposal to amend our amended and restated articles of organization to increase the number of authorized shares of Perini common stock from 40 million to 75 million shares.

The actions contemplated by these proposals, even if approved by our shareholders, will not occur unless we complete the merger.

**THE MERGER WILL NOT BE COMPLETED UNLESS, AMONG OTHER THINGS, THE PERINI SHAREHOLDERS APPROVE BOTH (1) THE SHARE ISSUANCE PROPOSAL AND (2) THE ARTICLES AMENDMENT PROPOSAL. UNDER THE MERGER AGREEMENT, COMPLETION OF THE MERGER IS SUBJECT TO THE SATISFACTION (OR, IF LEGALLY PERMITTED, WAIVER) OF SPECIFIED CLOSING CONDITIONS. APPROVAL BY THE PERINI SHAREHOLDERS OF THE MERGER PROPOSALS IS SUCH A CONDITION, WHICH MAY NOT BE WAIVED BY EITHER PERINI OR TUTOR-SALIBA.**

### **Required Shareholder Approvals (see page 22)**

Under NYSE rules, approval of the share issuance proposal requires the affirmative vote of the holders of a majority of Perini common stock casting votes (provided that the total votes cast on the proposal represents over 50% in interest of all Perini common stock entitled to vote on the proposal at the annual meeting). Pursuant to the Massachusetts Business Corporation Act and the terms of Perini's amended and restated articles of organization, approval of the articles amendment proposal requires the affirmative vote of the holders of a majority of the outstanding shares of Perini common stock entitled to vote at the annual meeting.

Under the Merger Agreement, completion of the merger is subject to the satisfaction (or, if legally permitted, waiver) of specified closing conditions. Approval by Perini shareholders of both the share issuance proposal and the articles amendment proposal are two of these conditions, and neither Tutor-Saliba nor we may waive them.

On the record date, directors and executive officers of Perini and their affiliates beneficially owned or had the right to vote shares of Perini common stock representing approximately 1.7% of the shares of Perini common stock outstanding on the record date. To Perini's knowledge, directors and executive officers of Perini and their affiliates intend to vote their shares of Perini common stock in favor of the merger proposals.

### **Recommendations of the Special Committee and the Perini Board of Directors (see page 47)**

*Special Committee.* The special committee (which is referred to in this proxy statement as the Special Committee) is a committee of the Perini board of directors comprised of four independent and disinterested members of the Perini board of directors. On January 7, 2008, the Perini board of directors formed the Special Committee for the purpose of exploring and evaluating potential strategic transactions, including in particular a business combination transaction with Tutor-Saliba, as well as to discuss and negotiate the terms of any transactions with Tutor-Saliba or other parties. The Special Committee was formed because of the conflict that Mr. Tutor, as the chairman and chief executive officer of Perini as well as the chairman, president, chief executive officer and principal shareholder (through trusts controlled by him) of Tutor-Saliba, would have in any

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transaction between Perini and Tutor-Saliba. The Special Committee unanimously determined that the Merger Agreement and the transactions contemplated thereby, including the merger, the issuance of shares of Perini common stock in the merger and the amendment of the Perini amended and restated articles of organization, are advisable, fair to and in the best interests of Perini and Perini shareholders and recommended that the Perini board of directors approve the Merger Agreement and the transactions contemplated thereby.

*Board of Directors.* The Perini board of directors, acting upon the unanimous recommendation of the Special Committee, unanimously (excluding Mr. Tutor, who did not participate in the meeting) (A) determined that the Merger Agreement and the transactions contemplated thereby, including the merger, the issuance of shares of Perini common stock in the merger and the amendment of the Perini amended and restated articles of organization, are advisable, fair to and in the best interests of Perini and Perini shareholders, (B) approved the Merger Agreement and the transaction contemplated thereby, including the merger, and (C) recommended that the Perini shareholders adopt the share issuance proposal and the articles amendment proposal, and directed that such matters be submitted for the consideration of the Perini shareholders at the annual meeting.

***THE PERINI BOARD OF DIRECTORS RECOMMENDS THAT PERINI SHAREHOLDERS VOTE FOR THE SHARE ISSUANCE PROPOSAL AND THE ARTICLES AMENDMENT PROPOSAL.***

**Opinion of UBS Securities LLC (see page 59)**

On April 2, 2008, UBS Securities LLC delivered its oral opinion to the Special Committee, which was subsequently confirmed by delivery of UBS written opinion, dated April 2, 2008, to the effect that, as of such date, and based upon and subject to various assumptions, matters considered and limitations described in the opinion, the exchange ratio provided for in the merger was fair, from a financial point of view, to Perini.

The full text of UBS opinion is attached as *Annex E* to this proxy statement. **UBS opinion was provided to the Special Committee in connection with, and for purposes of, its evaluation of the merger. UBS opinion is directed only to the fairness, from a financial point of view, to Perini of the exchange ratio provided for in the merger. The opinion does not address the relative merits of the merger as compared to other business strategies or transactions that might be available to Perini or Perini's underlying business decision to effect the merger. The opinion does not constitute a recommendation to any shareholder as to how such shareholder should vote or act with respect to the merger. We encourage you to read UBS opinion carefully in its entirety for a description of the assumptions made, procedures followed, matters considered and limitations on the review undertaken by UBS.**

**Risk Factors (see page 26)**

There are a number of significant risks related to the merger, including the following:

If the public markets assign lower values to the Tutor-Saliba business than the values used in negotiating the terms of the merger, the trading price of Perini common stock may decline;

If we cannot complete the merger on the negotiated terms or at all, we will not be able to realize the anticipated benefits of the merger and the trading price of our common stock may decline;

The combined company may not realize some or all of the expected benefits of the merger that were considered in negotiating the terms of the merger;

Upon completion of the merger, Mr. Tutor will have significant influence over corporate matters of the combined company through his indirect control of approximately 43% of the outstanding common stock of the combined company;



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The issuance of shares of Perini common stock in the merger will substantially reduce the percentage interests of current Perini shareholders in the earnings, voting power and market value of the combined company;

Perini will incur significant transaction, compliance, restructuring and other merger-related fees and costs;

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

The combined company will record goodwill that could become impaired and adversely affect its operating results;

Tutor-Saliba's excess cash flows will be dedicated to repaying the notes issued to the Tutor-Saliba shareholders in the merger and will not be generally available to Perini until the notes are repaid;

The combined company will have continuing contractual obligations with Mr. Tutor, which may create conflicts of interest or may not be practical to enforce on Perini's behalf; and

Perini, Perini's directors and Tutor-Saliba are named parties to a lawsuit relating to the merger that could delay or enjoin the completion of the merger and could cause Perini to incur substantial costs.

In addition, the combined company will be subject to a number of significant risks related to the markets in which it will operate as well as other risks, including the following:

The combined business will have a substantially increased backlog and may not fully realize the revenue value of such backlog;

The growth prospects and future earnings of the combined company may be adversely affected, and the anticipated benefits of the merger may not be fully realized, if the combined company is unable to retain the services of Mr. Tutor; and

If Tutor-Saliba is unable to sustain its recent, significant rate of growth, the growth prospects and future results of the combined company are likely to be adversely affected.

**Conditions to the Completion of the Merger (see page 83)**

The completion of the merger is subject to the satisfaction or, to the extent legally permissible, the waiver of a number of conditions in the Merger Agreement, such as:

the approval by Perini shareholders of the share issuance proposal and the articles amendment proposal;

the receipt of required statutory approvals, including the expiration or termination of the waiting periods under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (which condition was satisfied on May 16, 2008);

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the absence of any law, judgment, injunction or other order by a governmental entity prohibiting completion of the merger and the absence of any proceeding by any governmental entity seeking such an order;

the receipt of the approval for listing by the NYSE of Perini common stock to be issued pursuant to the merger, subject to the official notice of issuance of the stock;

the articles of amendment of the Perini amended and restated articles of organization having been filed and declared effective;



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compliance in all material respects by the parties with their respective obligations under the Merger Agreement;

the absence of breaches of representations and warranties in the Merger Agreement, subject to a material adverse effect qualification;

the receipt of required third-party consents under contracts or permits, subject to a material adverse effect qualification;

the receipt of an opinion of the parties' respective counsel stating that the merger will qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended; and

the absence since April 2, 2008 of any change, event or development that has had a material adverse effect on Perini or Tutor-Saliba.

**Termination of the Merger Agreement (see page 84)**

The Merger Agreement may be terminated at any time prior to the completion of the merger in any of the following ways:

by mutual written consent of us and Tutor-Saliba;

by either us or Tutor-Saliba (subject to certain limitations and exceptions):

if the merger has not been completed by September 30, 2008; provided that this date is automatically extended to December 31, 2008 if the conditions relating to the receipt of shareholder approval for the merger proposals, the receipt of required statutory and regulatory approvals and/or the absence of injunctions or other legal or regulatory restraints and the filing of the amendment to the articles of organization have not been satisfied but all other conditions to closing have been satisfied or waived or are then capable of being satisfied;

if a court or other governmental entity issues an order or injunction, or if there is a law in effect, preventing completion of the merger; or

if Perini shareholders fail to approve the share issuance proposal or the articles amendment proposal;

by Perini (subject to certain limitations and exceptions):

if there has been an uncured breach or failure to perform in any material respect of any representation, warranty, covenant or other agreement made by Tutor-Saliba or any of its shareholders in the Merger Agreement, and the breach or failure to perform would result in the applicable closing condition to the merger not being satisfied; or

if the Perini board of directors adversely modifies any of its recommendations with respect to the merger proposals in order to approve, adopt or enter into a contract providing for an alternative acquisition proposal for Perini;

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by Tutor-Saliba (subject to certain limitations and exceptions):

if there has been an uncured breach or failure to perform in any material respect of any representation, warranty, covenant or other agreement made by Perini in the Merger Agreement, and the breach or failure to perform would result in the applicable closing condition to the merger not being satisfied; or

if the Perini board of directors adversely modifies any of its recommendations with respect to the merger proposals.

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### **Restrictions on Alternative Transactions (see page 75)**

The Merger Agreement contains restrictions on the ability of each of Tutor-Saliba and Perini to solicit or engage in discussions or negotiations with a third party with respect to a proposal to acquire a significant interest in the applicable company.

Notwithstanding these restrictions, the Merger Agreement provides that if Perini receives an unsolicited acquisition proposal from a third party prior to the approval of the merger proposals by the Perini shareholders, it may under limited circumstances furnish nonpublic information to that third party, engage in negotiations regarding the proposal with that third party, change its recommendation in favor of the merger proposals and ultimately terminate the Merger Agreement to commit itself to the transaction being proposed by the third party (subject to payment of the termination fee and expense reimbursement discussed below).

### **Termination Fees/Reimbursement of Expenses (see page 85)**

If the Merger Agreement is terminated due to the failure to receive Perini shareholder approval of the merger proposals or following a change in the recommendation of the Perini board of directors in support of the merger proposals, we will be required to pay a termination fee of \$30 million to Tutor-Saliba under certain circumstances if Perini enters into an agreement for or consummates an alternative transaction within 12 months following the termination of the Merger Agreement.

In addition, we have agreed to reimburse Tutor-Saliba for up to \$5 million of Tutor-Saliba's reasonable, documented, out-of-pocket expenses following the termination of the Merger Agreement due to the failure to receive Perini shareholder approval of the merger proposals or following a change in the recommendation of the Perini board of directors in support of the merger proposals.

### **Amendment to Perini Articles of Organization (see page 67)**

In connection with the approval of the merger, the Perini board of directors has adopted, subject to shareholder approval and subject to the completion of the merger, a resolution recommending that Perini's amended and restated articles of organization be amended to increase the number of authorized shares of Perini common stock to 75 million from 40 million shares. A copy of the proposed amendment to our amended and restated articles of organization is attached as *Annex F* to this proxy statement.

The increase in the number of authorized shares of common stock is required to provide sufficient common stock for issuance of common stock to the Tutor-Saliba shareholders in connection with the merger and to have adequate available authorized but unissued shares of capital stock following the merger.

### **Post-Merger Governance and Management (see page 90)**

Mr. Tutor will continue to serve as the chairman of the Perini board of directors, a director of Perini and the chief executive officer of Perini following the completion of the merger.

The Shareholders Agreement provides that, following completion of the merger, the Perini board of directors will consist of up to eleven members, a majority of which will continue to be independent. Mr. Tutor, in his role as shareholder representative, will have the right pursuant to the Shareholders Agreement to designate up to two persons as nominees for election to the Perini board of directors, as long as the Tutor Group continues to own at least 22.5% of the outstanding shares of Perini common stock. Mr. Tutor, in his role as shareholder representative, will have the right pursuant to the Shareholders Agreement to designate only one nominee if the Tutor Group owns less than 22.5%, but at least 11.25% of the outstanding shares of Perini common stock.

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Mr. Tutor has designated C.L. Max Nikias as one of the shareholder representative s board designees, and he will be appointed as a new member of the Perini board of directors upon completion of the merger. As of the date of this proxy statement, Mr. Tutor has not elected to exercise his right to nominate a second director for election, although he has not waived the right to do so in the future. In addition, for so long as Mr. Tutor serves as the chief executive officer of Perini, he will be nominated for election to the Perini board of directors.

**NYSE Listing (see page 68)**

It is a condition to the merger that the shares of Perini common stock to be issued in the merger be approved for listing on the NYSE, subject to official notice of issuance. Shares of Perini common stock will continue to be traded on the NYSE under the symbol PCR immediately following the completion of the merger.

**Appraisal Rights (see page 68)**

Holders of Perini common stock do not have dissenters or appraisal rights under Massachusetts law in connection with the merger.

**Material United States Federal Income Tax Consequences to Existing Perini Shareholders (see page 66)**

As a condition to the merger, Perini will receive the opinion of its counsel, Kirkland & Ellis LLP, and Tutor-Saliba will receive the opinion of its counsel, Latham & Watkins LLP, each to the effect that the merger will be treated as a tax-free reorganization within the meaning of Section 368(a) of the United States Internal Revenue Code. Perini shareholders generally will not be subject to any United States federal income tax consequence as a result of the merger.

**Anticipated Accounting Treatment (see page 66)**

The merger will be accounted for using the purchase method of accounting in accordance with accounting principles generally accepted in the United States under Statement of Financial Accounting Standards No. 141, *Business Combinations*. Perini will be the acquiring entity for financial reporting purposes and Tutor-Saliba will be treated as the acquired company for financial reporting purposes, and the assets and liabilities of Tutor-Saliba will be recorded, as of the completion of the merger, based on their estimated fair values and added to those of Perini.

**Additional Interest of Directors, Executive Officers and Certain Beneficial Owners (see page 70)**

In considering the Perini board of directors recommendation to approve the merger proposals, our shareholders should be aware that Mr. Tutor has interests in the transaction that are different from, or in addition to, the interests of Perini shareholders generally. These additional interests arising from the merger, which create an actual conflict of interest for Mr. Tutor, include:

Mr. Tutor, through two trusts that he controls (which own 96% of the shares of Tutor-Saliba common stock), and directly or through one or more entities that he owns, have received or will receive pre-closing distributions from Tutor-Saliba and shares of Perini common stock in the merger with an aggregate net value of approximately \$998.9 million. This amount is comprised of the pre-closing distributions made and to be made by Tutor-Saliba discussed below (with an aggregate net value to Mr. Tutor of approximately \$153.3 million) and 96% of the shares of Perini common stock issued to the former Tutor-Saliba shareholders in the merger (with a value of approximately \$845.6 million based on the closing price per share of Perini common stock of \$38.25 on April 2, 2008);

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in the Merger Agreement, Perini has agreed to cooperate with Tutor-Saliba to obtain consents and seek amendments to certain guaranties, including guarantees of surety bonds and bank agreements, issued by Mr. Tutor in his personal capacity on behalf of Tutor-Saliba to remove Mr. Tutor as an obligor, guarantor or surety, including approximately \$115 million in guarantees to banking institutions; and

Mr. Tutor's right to designate up to two nominees for election to the Perini board of directors pursuant to the Shareholders Agreement following completion of the merger.

In addition, in connection with the Merger Agreement, Mr. Tutor entered into the Employment Agreement, which will become effective upon completion of the merger. The terms and benefits of the Employment Agreement are summarized in detail in The Employment Agreement beginning on page 83. The terms on which Mr. Tutor would be employed and compensated by the combined company create an actual conflict of interest for Mr. Tutor.

The Special Committee and the Perini board of directors were aware of these conflicts of interest and considered them, among other matters, in reaching their decisions, as applicable, to approve the Merger Agreement and the merger and to recommend that our shareholders vote in favor of adopting the merger proposals.

As a result of these additional interests, we expect Mr. Tutor would be more likely to recommend the approval of the merger proposals than if these additional interests did not exist. For this reason, Mr. Tutor was not part of the Special Committee that considered and ultimately negotiated the Merger Agreement on behalf of Perini and recommended it and the merger to the Perini board of directors, nor did Mr. Tutor negotiate the merger or any of the related transactions or agreements on behalf of Perini or take part in the deliberations or vote of the Perini board of directors in any matter relating to the merger or any of the related agreements.

In connection with the merger, none of our directors or officers will receive any transaction bonuses and none of their existing equity awards will vest or become payable on an accelerated basis, and no director or officer has any change of control arrangement under an employment agreement or any pension or other benefit plan that would entitle such director or officer to additional compensation or other benefits following completion of the merger.

**Pre-Closing Distribution of Property (see page 70)**

In connection with the completion of the merger, Tutor-Saliba has distributed or will distribute to its shareholders (and Perini will not acquire in the merger) the following assets:

a residence in Ketchum, Idaho, with a market value of \$3.5 million;

cash for tax payments as described below; and

up to \$120 million of dividends in a combination of cash and notes of which \$10 million in cash has been distributed (with any notes being entitled to prepayment out of the excess cash flow of Tutor-Saliba).

The \$120 million of dividends noted above represents a return of invested capital, earnings and profits from years prior to Tutor-Saliba's S election and amounts of its net income that have been or will be subject to taxes to its shareholders in respect of periods prior to December 31, 2007, less distributions previously made to its shareholders with respect to such net income.

Because Tutor-Saliba is a subchapter S corporation, its taxable income is attributed to the shareholders of Tutor-Saliba for federal income tax purposes meaning that its shareholders are responsible for paying the income taxes on their proportionate share of the income. The Merger Agreement permits Tutor-Saliba to make cash distributions to its shareholders that are intended to cover their income tax obligations for Tutor-Saliba's income from January 1, 2008 through the completion of the merger. The combined company will retain such income. In



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April 2008, Tutor-Saliba distributed approximately \$11.6 million of cash to its shareholders in respect of their April 2008 income tax payment obligations arising from Tutor-Saliba's operations. Shortly before completion of the merger, the balance of the permissible tax distributions will be determined, and Tutor-Saliba will make additional cash distributions to its shareholders that are intended to cover their income tax obligations not covered by the April tax distribution.

The Merger Agreement acknowledges that Perini will not acquire in the merger Tutor-Saliba's previously owned interests in a high-rise office building in San Pedro, California, commonly known as Pacific Place. Tutor-Saliba and an entity owned by Mr. Tutor completed an exchange transaction that resulted in Mr. Tutor's entity receiving a distribution of Tutor-Saliba's interests in Pacific Place and related assets and liabilities, with an aggregate net value (in excess of the assets received by Tutor-Saliba in the transaction) of \$21.3 million, as described more fully in

Recent Developments and Expected 2008 Events Distribution of Commercial Real Estate; Distribution of Residential Real Estate and in Note 14 of the Audited Financial Statements of Tutor-Saliba attached as *Annex H* to this proxy statement.

These pre-closing distributions were taken into account in determining the merger consideration, as the distributed assets were not deemed assets to be acquired by Perini in the merger.

### **Dividend Notes (see page 79)**

At the request of Perini, the Tutor-Saliba shareholders have agreed that a portion of the cash that Tutor-Saliba would otherwise have distributed as dividends to its shareholders prior to the merger as noted above will be retained by Tutor-Saliba following the merger. These amounts will be retained by Tutor-Saliba by its issuance of notes as dividends in lieu of the payment of cash dividends, thereby in essence loaning the cash back to the combined company in order to support the surety requirements of the combined company.

Accordingly, immediately prior to the completion of the merger, Tutor-Saliba will declare and distribute to the former Tutor-Saliba shareholders a dividend payable in the form of one or more notes. The maximum principal amount of the notes is the amount by which \$120 million exceeds the aggregate amount of the cash dividends declared by Tutor-Saliba between the date of the Merger Agreement and the closing, less amounts of indebtedness to be repaid to Tutor-Saliba prior to the effective time of the merger by the former Tutor-Saliba shareholders which have not been repaid by the date of the issuance of the note. As reflected in the pro forma financial statements appearing in Unaudited Pro Forma Condensed Combined Financial Statements beginning on page 108, Perini estimates that Tutor-Saliba will issue notes with an aggregate principal amount equal to approximately \$55 million prior to the completion of the merger. Those notes will remain outstanding following the completion of the merger. The notes provide that the unpaid principal balance of the notes and all accrued and unpaid interest thereupon will become due and payable in full on June 30, 2012. Tutor-Saliba may prepay any amounts outstanding under the notes at any time. In addition, Tutor-Saliba will be required to prepay the notes with 100% of excess cash flow of Tutor-Saliba (as described in the note) for the preceding fiscal year (or, for the year in which the closing of the merger occurs, the partial fiscal year from the closing through the end of such fiscal year) within 90 days of the end of each fiscal year until the principal and interest of the notes has been repaid.

### **Selected Historical Data**

#### *Perini Selected Historical Financial Information*

The selected historical financial data set forth below is derived in part from and should be read in conjunction with Perini's consolidated financial statements, the related notes and Management's Discussion and Analysis of Financial Condition and Results of Operations, which are included in previously filed annual reports on Form 10-K of Perini. The consolidated statement of income data for each of the years ended December 31,

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2003, 2004, 2005, 2006 and 2007 and the consolidated balance sheet data as of December 31, 2003, 2004, 2005, 2006 and 2007 were derived from Perini's audited consolidated financial statements, which are included in previously filed annual reports on Form 10-K of Perini. The consolidated statement of income data for the three-month periods ended March 31, 2007 and 2008 and the consolidated balance sheet data as of March 31, 2007 and 2008 were derived from Perini's unaudited consolidated condensed financial statements included in the previously filed quarterly report on Form 10-Q of Perini for the period ended March 31, 2008. This information is unaudited but, in Perini management's opinion, has been prepared on the same basis as the audited consolidated financial statements and related notes in previously filed annual reports on Form 10-K of Perini, and includes all adjustments, consisting only of normal recurring adjustments, that Perini's management considers necessary for a fair presentation of the information for the periods presented. Historical results are not necessarily indicative of results to be expected for future periods.



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	Three Months Ended March 31,			Year Ended December 31,			
	2008	2007	2007	2006	2005 (1)	2004	2003
<b>Consolidated statement of income data:</b>							
Revenues:							
Building	\$ 1,163,020	\$ 886,855	\$ 4,248,814	\$ 2,515,051	\$ 1,181,103	\$ 1,298,771	\$ 898,254
Civil	60,156	57,103	234,778	281,137	275,584	138,095	176,877
Management Services	33,160	43,398	144,766	246,651	276,790	405,449	298,972
Total	1,256,336	987,356	4,628,358	3,042,839	1,733,477	1,842,315	1,374,103
Cost of Operations	1,189,774	929,459	4,379,464	2,873,444	1,663,773	1,750,549	1,304,138
Gross Profit	66,562	57,897	248,894	169,395	69,704	91,766	69,965
G&A Expense	27,599	25,157	107,913	98,516	61,751	43,049	39,762
Income From Construction							
Operations	38,963	32,740	140,981	70,879	7,953	48,717	30,203
Other Income (Expense), Net	1,505	2,356	15,361	2,581	971	(3,087)	1,722
Interest Expense	(355)	(690)	(1,947)	(3,771)	(2,003)	(704)	(1,003)
Income Before Income Taxes	40,113	34,406	154,395	69,689	6,921	44,926	30,922
(Provision) Credit for Income Taxes	(14,960)	(11,753)	(57,281)	(28,153)	(2,872)	(8,919)	13,096
<b>Net Income</b>	<b>\$ 25,153</b>	<b>\$ 22,653</b>	<b>\$ 97,114</b>	<b>\$ 41,536</b>	<b>\$ 4,049(3)</b>	<b>\$ 36,007</b>	<b>\$ 44,018</b>
Income Available for Common Stockholders (2)							
	\$ 25,153	\$ 22,653	\$ 97,114	\$ 41,117	\$ 5,330	\$ 34,819	\$ 49,619
Per Share of Common Stock:							
Basic Earnings	\$ 0.93	\$ 0.85	\$ 3.62	\$ 1.56	\$ 0.21	\$ 1.47	\$ 2.18
Diluted Earnings	\$ 0.91	\$ 0.84	\$ 3.54	\$ 1.54	\$ 0.20	\$ 1.39	\$ 2.10
Weighted Average Common Shares Outstanding:							
Basic	27,145	26,638	26,819	26,308	25,518	23,724	22,763
Diluted	27,653	27,120	27,419	26,758	26,150	25,061	23,583
<b>Consolidated balance sheet data:</b>							
Working Capital	\$ 297,022	\$ 203,443	\$ 293,521	\$ 193,952	\$ 153,335	\$ 178,029	\$ 125,397
Current Ratio	1.23x	1.22x	1.24x	1.22x	1.23x	1.41x	1.31x
Long-term Debt, less current maturities							
	\$ 13,635	\$ 16,414	\$ 13,358	\$ 34,135	\$ 39,969	\$ 8,608	\$ 8,522
Stockholders Equity	\$ 396,354	\$ 271,292	\$ 368,334	\$ 243,859	\$ 183,175	\$ 174,034	\$ 120,560
Ratio of Long-term Debt to Equity	.03x	.06x	.04x	.14x	.22x	.05x	.07x
Total Assets	\$ 1,730,179	\$ 1,268,675	\$ 1,654,115	\$ 1,195,992	\$ 915,256	\$ 654,265	\$ 565,443
<b>Other data:</b>							
Backlog at end of period (4)	\$ 7,206,239	\$ 8,561,590	\$ 7,567,665	\$ 8,451,381	\$ 7,897,784	\$ 1,151,475	\$ 1,666,464

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New Business Awarded (5)	\$ 894,909	\$ 1,097,565	\$ 3,744,642	\$ 3,596,436	\$ 8,479,786	\$ 1,327,326	\$ 2,050,392
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- (1) Includes the results of Cherry Hill acquired effective January 1, 2005 and Rudolph and Sletten acquired October 3, 2005.
- (2) Income available for common stockholders includes adjustments to net income for (a) accrued dividends on our \$21.25 Preferred Stock, or \$2.125 Depositary Shares, (b) the reversal of previously accrued and unpaid dividends in the amount of approximately \$7.3 million applicable to 440,627 of the \$2.125 Depositary Shares purchased and retired by us in June 2003, (c) the reversal of previously accrued and unpaid dividends in the amount of approximately \$2.3 million applicable to 374,185 of the \$2.125 Depositary Shares purchased and retired by us in November 2005, and (d) the \$0.3 million excess of fair value over carrying value upon redemption of the remaining outstanding \$2.125 Depositary Shares in May 2006.

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- (3) Includes a \$23.6 million after-tax charge related to an adverse judgment received in the WMATA matter.
- (4) A construction project is included 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. Backlog is not a measure defined in accounting principles generally accepted in the United States of America, or GAAP, and our backlog may not be comparable to the backlog of other companies. Management uses backlog to assist in forecasting future results.
- (5) New business awarded consists of the original contract price of projects added to our backlog in accordance with Note (4) above plus or minus subsequent changes to the estimated total contract price of existing contracts. Management uses new business awarded to assist in forecasting future results.

*Tutor-Saliba Selected Historical Financial Information*

The selected historical financial data set forth below is derived in part from and should be read in conjunction with Tutor-Saliba's consolidated financial statements, the related notes and Management's Discussion and Analysis of Financial Condition and Results of Operations included elsewhere in this proxy statement. The consolidated statement of income data for each of the years ended December 31, 2005, 2006 and 2007 and the consolidated balance sheet data as of December 31, 2006 and 2007 were derived from Tutor-Saliba's audited consolidated financial statements appearing in the annexes to this proxy statement. The consolidated statement of income data for the three-month periods ended March 31, 2007 and 2008 and the consolidated balance sheet data as of March 31, 2007 and 2008 were derived from Tutor-Saliba's unaudited consolidated financial statements appearing in the annexes to this proxy statement. This information is unaudited but, in Tutor-Saliba management's opinion, has been prepared on the same basis as the audited consolidated financial statements and related notes included elsewhere in this proxy statement and includes all adjustments, consisting only of normal recurring adjustments, that Tutor-Saliba's management considers necessary for a fair presentation of the information for the periods presented. The consolidated statement of income data for the years ended December 31, 2003 and 2004 and the consolidated balance sheet data as of December 31, 2003, 2004 and 2005 were derived from Tutor-Saliba's audited consolidated financial statements not included herein. Historical results are not necessarily indicative of results to be expected for future periods.

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	Three Months Ended		Year Ended December 31,				
	2008	2007	2007	2006	2005	2004	2003
			(in thousands, except share data)				
<b>Consolidated statement of income data:</b>							
Revenues:							
Domestic civil	\$ 34,196	\$ 56,135	\$ 174,277	\$ 141,875	\$ 117,046	\$ 194,082	\$ 208,543
Domestic building	341,470	160,346	896,124	320,403	228,905	250,836	204,275
International	19,297	15,579	81,423	52,179	41,639	71,118	66,126
Total	394,963	232,060	1,151,824	514,457	387,590	516,036	478,944
Cost of revenues	360,359	211,404	1,063,603	485,434	371,334	495,103	448,338
Gross profit	34,604	20,656	88,221	29,023	16,256	20,933	30,606
Gain on sale of property and equipment	(149)	(50)	(446)	(454)	(7,524)		
Cost of contract litigation settlement					14,652(4)		
General and administrative expenses	13,557	7,754	36,237	26,823	26,352	22,739	21,702
Income (loss) from operations	21,196	12,952	52,430	2,654	(17,224)	(1,806)	8,904
Other income, net (1)	1,263	12,142	99,206	11,479	40,504	17,114	11,593
Interest expense	(779)	(1,005)	(4,197)	(5,257)	(3,414)	(3,750)	(4,519)
Income before minority interest and income taxes	21,680	24,089	147,439	8,876	19,866	11,558	15,978
Provision for income taxes (3)	(619)	(797)	(4,399)	(1,663)	(849)	(309)	(2,166)
Income before minority interest	21,061	23,292	143,040	7,213	19,017	11,249	13,812
Minority interest		(20)	(111)	(40)	(16)	(204)	(29)
Income from continuing operations	21,061	23,272	142,929	7,173	19,001	11,045	13,783
Income (loss) from discontinued operations, net of taxes (2)		(39)	226	(36)	1,407	11,803	(79)
Net income	\$ 21,061	\$ 23,233	\$ 143,155	\$ 7,137	\$ 20,408	\$ 22,848	\$ 13,704
Income per share from continuing operations	\$ 23.40	\$ 25.85	\$ 158.80	\$ 7.97	\$ 21.11	\$ 12.27	\$ 15.31
Income (loss) per share from discontinued operations, net of taxes		(0.04)	0.25	(0.04)	1.56	13.11	(0.09)
Net income per share	\$ 23.40	\$ 25.81	\$ 159.05	\$ 7.93	\$ 22.67	\$ 25.38	\$ 15.22
Weighted average number of shares	900,043	900,043	900,043	900,043	900,043	900,043	900,043

- (1) Primarily reflects unrealized holding gains and gains on sales of marketable securities.
- (2) Reflects the results of operations associated with equipment and real estate operations unrelated to construction activities, including a gain on sale of equipment of \$11.8 million in 2004.
- (3) Since January 1, 1996, Tutor-Saliba has been a subchapter S corporation and has been exempt from paying federal income taxes. In addition, from and after the day Tutor-Saliba elected or was otherwise treated as a subchapter S corporation for state tax purposes, Tutor-Saliba has paid certain state income taxes at a reduced rate.
- (4) Represents charge recorded related to settlement of contract litigation on the San Francisco International Airport project.

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	March 31,		December 31,				
	2008	2007	2007	2006	2005	2004	2003
	(in thousands)						
<b>Consolidated balance sheet data:</b>							
Working capital	\$ 96,311	\$ 151,352	\$ 147,541	\$ 126,885	\$ 133,659	\$ 137,381	\$ 47,305
Current ratio	1.26x	1.61x	1.45x	1.60x	1.80x	1.94x	1.26x
Long term debt, less current maturities	26,905	60,038	53,617	60,221	38,456	50,398	61,582
Shareholders equity	184,515	188,096	211,630	161,713	164,939	159,948	131,740
Ratio of long-term debt to equity	.15x	.32x	.25x	.37x	.23x	.32x	.47x
Total assets	603,980	503,741	601,493	441,757	382,748	364,956	379,476
<b>Other data:</b>							
Backlog at end of period (1)	\$ 1,309,996	\$ 2,151,760	\$ 1,591,522	\$ 2,282,318	\$ 508,634	\$ 500,231	\$ 741,293
New business awarded (2)	\$ 113,437	\$ 101,502	\$ 461,028	\$ 2,288,091	\$ 396,043	\$ 274,974	\$ 557,007

- (1) A construction project is included 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. Backlog is not a measure defined in accounting principles generally accepted in the United States of America, or GAAP, and our backlog may not be comparable to the backlog of other companies. Management uses backlog to assist in forecasting future results.
- (2) New business awarded consists of the original contract price of projects added to our backlog in accordance with Note (1) above plus or minus subsequent changes to the estimated total contract price of existing contracts. Management uses new business awarded to assist in forecasting future results.

**Selected Unaudited Pro Forma Condensed Combined Financial Information**

The merger will be accounted for by using the purchase method of accounting in accordance with GAAP. The tangible and intangible assets and liabilities of Tutor-Saliba will be recorded as of the closing date of the merger, at their respective fair values, and assumed by and added to those of Perini. For a detailed description of the purchase accounting method, please see *The Merger Anticipated Accounting Treatment* beginning on page 66.

The following selected unaudited pro forma condensed combined balance sheet information as of March 31, 2008 and the selected unaudited pro forma condensed combined statements of income information for the year ended December 31, 2007 and the three months ended March 31, 2008 are based on the separate historical consolidated financial statements of Perini and Tutor-Saliba, and reflect the merger and related events and apply the assumptions and adjustments described in the notes to the unaudited pro forma condensed combined financial statements. The pro forma adjustments are more fully described in the notes to the unaudited pro forma condensed combined financial statements beginning on page 108 of this proxy statement. The selected unaudited pro forma condensed combined balance sheet as of March 31, 2008 reflects the merger and related events as if they had been consummated on March 31, 2008. The selected unaudited pro forma condensed combined statements of income for the year ended December 31, 2007 and the three months ended March 31, 2008 reflect the merger and related events as if they had been consummated on January 1, 2007, the beginning of Perini's 2007 fiscal year.

The pro forma adjustments are based upon available information and assumptions that the managements of Perini and Tutor-Saliba believe reasonably reflect the merger. The selected unaudited pro forma condensed combined financial statements do not include the effects of the costs associated with any restructuring or

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integration activities resulting from the transaction. In addition, the selected unaudited pro forma condensed combined financial statements do not include the realization of any cost savings from operating efficiencies or synergies resulting from the transaction, nor do they include any potential incremental revenues and earnings that may be achieved with the combined capabilities of the companies. The final purchase price allocation, which will be determined subsequent to the closing of the merger, and its effect on results of operations may differ significantly from the pro forma amounts included in the selected unaudited pro forma condensed combined financial statements. These amounts represent the managements best estimate as of the date of this proxy statement. We present the unaudited pro forma condensed combined financial statements for informational purposes only. The selected pro forma condensed combined financial statements are not necessarily indicative of what our financial position or results of operations actually would have been had we completed the merger as of the dates indicated. In addition, the selected unaudited pro forma condensed combined financial statements do not purport to project the future financial position or operating results of the combined company.

The following selected unaudited pro forma condensed combined financial information (a) has been derived from, and should be read in conjunction with, the unaudited pro forma condensed combined financial statements and the accompanying notes included in this proxy statement beginning on page 118 and (b) should be read in conjunction with the consolidated financial statements of Perini and Tutor-Saliba and other information filed by Perini with the SEC and incorporated by reference in this proxy statement. Please see [Where You Can Find Additional Information](#) beginning on page 152.

	<b>Three Months</b>	
	<b>Ended Mar. 31, 2008</b>	<b>Year Ended Dec. 31, 2007</b>
<b>(In thousands, except per share data)</b>		
<b>PRO FORMA STATEMENTS OF INCOME DATA:</b>		
Revenues	\$ 1,640,186	\$ 5,875,295
Cost of Operations	1,540,677	5,510,638
Gross Profit	99,509	364,657
G&A Expense	40,718	159,495
Income From Construction Operations	58,791	205,162
Other Income (Expense), Net	2,768	114,630(1)
Interest Expense	(1,822)	(8,962)
Income Before Minority Interest and Income Taxes	59,737	310,830
Provision for Income Taxes	(22,339)	(116,100)
Income Before Minority Interest	37,398	194,730
Minority Interest		(111)
Net Income	\$ 37,398	\$ 194,619
Per Share of Common Stock:		
Basic Earnings	\$ 0.75	\$ 3.91
Diluted Earnings	\$ 0.74	\$ 3.86(2)
Weighted Average Common shares Outstanding:		
Basic	50,132	49,806
Diluted	50,640	50,406

(1) Includes \$94,105 non-recurring gain on sale of marketable securities.

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- (2) Pro forma diluted earnings per common share excluding the non-recurring gain on sale of marketable securities (see Note (1) above) is \$2.70.

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**Closing Price of Perini Common Stock**

The following table includes the closing prices per share of Perini common stock as reported on the NYSE Composite Transaction Tape on:

April 2, 2008, the date of the public announcement of the execution of the Merger Agreement after the end of the full trading day,  
and

August 5, 2008, the most recent practicable date prior to the mailing of this proxy statement to the Perini shareholders.

	<b>Perini Common Stock Closing Price Per Share</b>
April 2, 2008	\$ 38.25
August 5, 2008	\$ 27.84



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**NOTE REGARDING FORWARD-LOOKING STATEMENTS**

We have made forward-looking statements in this proxy statement, and in documents that are incorporated by reference in this proxy statement, that are subject to risks and uncertainties. These statements are based on the current beliefs and assumptions of our management. Generally, forward-looking statements include information concerning possible or assumed future actions, events or results of operations of Perini, Tutor-Saliba or the combined company. Forward-looking statements include the information in this proxy statement regarding:

management forecasts;

regulatory matters;

financial projections and estimates;

efficiencies/cost avoidances;

cost savings;

income and margins;

earnings per share;

growth;

economies of scale;

combined operations;

the economy;

future economic performance;

conditions to, and the timetable for, completing the merger;

future acquisitions and dispositions;

litigation;

potential and contingent liabilities;

management's plans;

business portfolios;

taxes; and

merger and integration-related expenses.

These statements may be preceded by, followed by or otherwise include the words may, will, should, could, would, potential, possible, expects, anticipates, intends, plans, estimates, hopes or similar expressions. We claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 for all forward-looking statements.

Forward-looking statements are not guarantees of performance. You should understand that the following important factors, in addition to those discussed in Risk Factors beginning on page 26 and elsewhere in this proxy statement, and in the documents which are incorporated by reference in this proxy statement, could affect the future results of Perini, and of the combined company after the completion of the merger, and could cause those results or other outcomes to differ materially from those expressed or implied in our forward-looking statements:

the ability of Perini and Tutor-Saliba to satisfy all conditions precedent to the completion of the merger;

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the ability of Perini and Tutor-Saliba to integrate their operations successfully;

the timing of the integration of Perini and Tutor-Saliba necessary to achieve enhanced earnings or realize cost savings;

the retention of existing, and continued attraction of additional customers and employees;

an unsolicited offer by another company to acquire the assets or capital stock of Perini;

unexpected costs or unexpected liabilities related to the merger, or the effects of purchase accounting that may be different from our current expectations;

the effects of uncertainty surrounding the merger that may cause the business of Perini to suffer;

other economic, business and competitive factors;

the costs and other effects of legal proceedings;

the impact on the trading price of Perini common stock of resales in the public market of shares of Perini common stock received by Tutor-Saliba shareholders in the merger;

the ability of Mr. Tutor to exert significant influence over corporate decisions as a result of his ownership of Perini common stock following the merger, his position as chairman and chief executive officer of the combined company and his right to designate up to two nominees for election as directors of the combined company;

changes in accounting policies, practices or their interpretations; and

the factors described in Perini's reports filed with the SEC.

Because forward-looking statements are subject to assumptions and uncertainties, actual results may differ materially from those expressed or implied by such forward-looking statements. Shareholders are cautioned not to place undue reliance on such statements, which speak only as of the date of this proxy statement or the date of any document incorporated by reference.

All written and oral forward-looking statements concerning the merger or other matters addressed in this proxy statement or incorporated by reference in this proxy statement and attributable to Perini or any person acting on its behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Except to the extent required by applicable law or regulation, Perini undertakes no obligation to release any revisions or updates to such forward-looking statements to reflect events or circumstances after the date of this proxy statement or to reflect the occurrence of unanticipated events.

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**ANNUAL MEETING OF THE SHAREHOLDERS  
OF PERINI CORPORATION**

This proxy statement is furnished in connection with the solicitation of proxies by the Perini board of directors for use at our annual meeting of shareholders to be held on September 5, 2008, and at any adjournment or postponements thereof.

**Date, Time and Place**

The annual meeting of shareholders will be held at the Crowne Plaza Hotel Boston Natick, located at 1360 Worcester Street, Natick, Massachusetts, on September 5, 2008, at 10:00 a.m., local time.

**Proposals to be Considered at the Annual Meeting**

At the annual meeting, and any adjournment or postponement of the annual meeting, Perini shareholders will be asked to consider and vote upon the following proposals:

1. a proposal to approve the issuance of 22,987,293 shares of Perini common stock in the merger contemplated by the Merger Agreement;
2. a proposal to amend our amended and restated articles of organization to increase the number of authorized shares of Perini common stock from 40 million to 75 million shares;
3. the election of four (4) Class III Directors, to hold office for a three-year term, expiring at our 2011 annual meeting of shareholders and until their successors are duly elected and qualified;
4. a proposal to ratify the selection of Deloitte & Touche LLP, independent registered public accountants, as auditors of Perini for the fiscal year ending December 31, 2008;
5. a proposal to amend our 2004 Stock Option and Incentive Plan to increase the number of shares authorized for issuance under the plan from 3 million to 5.5 million;
6. a proposal to approve the adjournment or postponement of the annual meeting if necessary to solicit additional proxies or as otherwise necessary; and
7. such other business as may properly come before the meeting.

**Shareholders Entitled to Vote**

Only our shareholders of record at the close of business on July 30, 2008, also referred to in this proxy statement as the record date, will be entitled to notice of, and to vote at, the annual meeting and any adjournment or postponement thereof. Notwithstanding the record date specified above, our stock transfer books will not be closed and shares may be transferred subsequent to the record date. However, all votes must be cast in the names of shareholders of record on the record date.

On the record date, there were 27,328,927 shares of Perini common stock issued and outstanding held by approximately 784 shareholders of record.

**Shareholder Votes Required**

*Proposal 1:* Approval of the share issuance proposal requires the affirmative vote of the holders of a majority of Perini common stock casting votes at the annual meeting (provided that the total votes cast on the proposal represent over 50% of the outstanding shares of Perini common stock entitled to vote on the proposal at the annual meeting). **The approval of Proposal 1 is a condition to the merger, and thus a vote against this proposal effectively will be a vote against the merger.**

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*Proposal 2:* Approval of the articles amendment proposal requires the affirmative vote of the holders of a majority of the outstanding shares of Perini common stock entitled to vote at the annual meeting. **The approval of Proposal 2 is a condition to the merger, and thus a vote against this proposal effectively will be a vote against the merger.**

*Proposal 3:* Election of each of the nominees for director requires the affirmative vote of a plurality of the votes cast at the annual meeting. **You may vote FOR any or all director nominees and/or WITHHOLD your vote from any or all of the director nominees.**

*Proposal 4:* Ratification of the selection of Deloitte & Touche, LLP as our independent auditors for 2008 requires the affirmative vote of a majority of the votes cast on the proposal at the annual meeting.

*Proposal 5:* Approval of the plan amendment proposal requires the affirmative vote of the holders of a majority of Perini common stock casting votes at the annual meeting (provided that the total votes cast on the proposal represent over 50% of the outstanding shares of Perini common stock entitled to vote on the proposal at the annual meeting).

*Proposal 6:* Approval of a proposal to adjourn or postpone the annual meeting requires the affirmative vote of the holders of a majority of the votes cast on the proposal at the annual meeting, whether or not a quorum is present.

## **Quorum**

The presence, in person or by proxy, of outstanding shares of Perini common stock representing a majority of the shares entitled to vote is necessary to constitute a quorum for the transaction of business at the annual meeting. Shares that reflect abstentions or broker non-votes will be counted for purposes of determining whether a quorum is present for the transaction of business at the annual meeting. Stock owned directly or indirectly by Perini, if any, is not considered outstanding for purposes of determining a quorum.

## **Abstentions and Broker Non-Votes**

An abstention occurs when a shareholder sends in a proxy with explicit instructions to decline to vote regarding a particular matter. For purposes of establishing a quorum, abstentions in person and proxies received but marked as abstentions as to any or all matters to be voted on count as present.

Abstentions with respect to the articles amendment proposal (Proposal 2) will have the same effect as a vote against the proposal. Abstentions with respect to the share issuance proposal (Proposal 1) or the plan amendment proposal (Proposal 5) will have no effect on the outcome of the proposal, except that it will be more difficult for Perini to ensure that the total votes cast on each of the share issuance proposal and the plan amendment proposal represent over 50% in interest of all Perini common stock entitled to vote on each such proposal, which is necessary for the proposals to be approved. Abstentions have no effect on the election of directors (Proposal 3), the ratification of auditors proposal (Proposal 4) or the postponement or adjournment proposal (Proposal 6).

If your shares are held in street name, your brokerage firm, under certain circumstances, may vote your shares for you if you do not return your proxy. Brokerage firms have authority under the rules of the NYSE to vote customers' unvoted shares on certain routine matters. If you do not give a proxy to your brokerage firm to vote your shares, your brokerage firm may either vote your shares on routine matters or leave your shares unvoted. The election of directors (Proposal 3), the ratification of Deloitte & Touche LLP as the Perini's independent auditors for the fiscal year ending December 31, 2008 (Proposal 4) and the proposal to adjourn or postpone the annual meeting (Proposal 6) are considered routine matters, therefore, your brokerage firm may

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vote your shares for you if you do not return your proxy. The share issuance proposal (Proposal 1), the articles amendment proposal (Proposal 2) and the plan amendment proposal (Proposal 5) are not considered routine matters, therefore, your brokerage firm may not vote your shares for you if you do not return your proxy to your brokerage firm. These votes are commonly referred to as broker non-votes. Broker non-votes will not be counted as having been voted on the proposal.

Broker non-votes with respect to the articles amendment proposal (Proposal 2) will have the same effect as a vote against the proposal. Broker non-votes with respect to the share issuance proposal (Proposal 1) or the plan amendment proposal (Proposal 5) will have no effect on the outcome of the proposal, except that it will be more difficult for Perini to ensure that the total votes cast on each of the share issuance proposal and the plan amendment proposal represent over 50% in interest of all Perini common stock entitled to vote on each such proposal, which is necessary for the proposals to be approved.

Regardless of whether you are a record holder of your shares or hold your shares in street name, we encourage you to provide voting instructions to your brokerage firm by returning your completed proxy. This ensures your shares will be voted at the meeting according to your instructions. Record holders may complete the proxy card enclosed with this proxy statement and return it to us. If your shares are held in street name, you should receive directions from your brokerage firm about how to submit your proxy to them at the time you receive this proxy statement.

## **Proxy Solicitation**

In addition to solicitation by mail, our directors, officers and employees may solicit proxies from Perini shareholders by telephone, facsimile or other electronic means of communication. These persons will not receive additional or special compensation for such solicitation services. We will, upon request, reimburse brokers, banks and other nominees for their expenses in sending proxy materials to their customers who are beneficial owners and obtaining their voting instructions.

Perini has retained Innisfree M&A Incorporated, a proxy solicitation firm, to assist it in the solicitation of proxies for the annual meeting. Perini will pay Innisfree a fee of \$50,000, and an additional fee of \$25,000 if shareholders approve the merger proposals, for its services. In addition, Perini will pay Innisfree additional fees depending on the extent of additional services requested by Perini and will reimburse Innisfree for expenses Innisfree incurs in connection with its engagement by Perini.

## **Revocation of Proxies**

You may revoke your proxy at any time before the vote is taken at the annual meeting. To revoke your proxy, you must either advise our Corporate Secretary in writing, submit a proxy by telephone, via the Internet or mail dated after the date of the proxy you wish to revoke or attend the annual meeting and vote your shares in person. Attendance at the annual meeting will not by itself constitute revocation of a proxy.

Please note that if you have instructed your broker to vote your shares, the options for revoking your proxy described above do not apply and instead you must follow the directions provided by your broker to change those instructions.

## **Voting**

Perini shareholders of record and many shareholders who hold their shares through a broker or bank will have the option to submit their proxies or voting instructions via the Internet or by telephone. There are separate arrangements for using the Internet and telephone to submit your proxy depending on whether you are a shareholder of record or your shares are held in street name by your broker.

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Perini shareholders of record have three options for submitting their proxy.

You may submit a proxy by mail by executing and returning the enclosed proxy card in the enclosed envelope, which requires no postage if mailed in the United States. All shares of Perini common stock represented by a proxy properly signed and received at or prior to the annual meeting, unless subsequently revoked, will be voted in accordance with the instruction on the proxy.

You may also vote electronically until 2:00 a.m. eastern standard time on September 5, 2008 by logging on to the Internet at [www.investorvote.com/PCR](http://www.investorvote.com/PCR) and following the instructions.

You may vote telephonically until 2:00 a.m. eastern standard time on September 5, 2008 by calling 1-800-652-VOTE (8683) and following the recorded instructions.

By casting your vote in any of the three ways listed above, you are authorizing the individuals listed on the proxy to vote your shares in accordance with your instructions. If a proxy is signed and returned without indicating any voting instructions, the shares of Perini common stock represented by the proxy will be voted (1) **FOR** each director nominee and **FOR** approval of Proposals 1, 2, 4, 5 and 6 and (2) as to any matters for which Perini did not have notice on or before August 6, 2008, properly brought before the annual meeting, in the sole discretion of the Perini board of directors as to such matters.

If your shares are held in street name, you should check the voting instructions card provided by your broker, bank or other nominee to see which options are available and the procedures to be followed. Please follow their instructions carefully. Also, please note that if the holder of record of your shares is a broker, bank or other nominee and you wish to vote in person at the annual meeting, you must request a legal proxy from your bank, broker or other nominee that holds your shares and present that proxy and proof of identification at the annual meeting.

### **Voting by Perini Directors and Executive Officers**

On the record date, directors and executive officers of Perini and their affiliates beneficially owned or had the right to vote shares of Perini common stock representing approximately 1.7% of the shares of Perini common stock outstanding on the record date. To Perini's knowledge, directors and executive officers of Perini and their affiliates intend to vote their shares of Perini common stock in favor of the merger proposals. A more detailed description of the ownership of Perini common stock by certain beneficial owners and Perini's directors and executive officers begins on page 143.

### **Adjournments and Postponements**

Although it is not currently expected, the annual meeting may be adjourned or postponed, including for the purpose of soliciting additional proxies, by action of the Perini shareholders if approved by shareholders or by the presiding officer of the annual meeting in accordance with Perini's bylaws. In addition, the Perini board of directors may postpone and reschedule the annual meeting prior to the meeting in accordance with Perini's bylaws. Any adjournment may be made without notice, other than by an announcement made at the annual meeting of the time, date and place of the adjourned meeting, regardless of whether or not a quorum is present. The annual meeting may be adjourned or postponed by the Perini shareholders by the affirmative vote the holders of a majority of the votes cast on the proposal at the annual meeting, regardless of whether or not a quorum is present.

Any adjournment or postponement of the annual meeting for the purpose of soliciting additional proxies will allow the Perini shareholders who have already sent their proxies to revoke them any time prior to their use at annual meeting as adjourned or postponed.



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**RISK FACTORS**

*Perini shareholders should carefully read and consider the following risk factors, which we believe are all of the significant risks related to the merger and the anticipated business of the combined company, as well as the other information contained and referred to in this proxy statement, before voting at the annual meeting.*

**Risks Relating to the Merger**

**If the public markets assign lower values to the Tutor-Saliba business than the values used in negotiating the terms of the merger, the trading price of Perini common stock may decline.**

The stock of Tutor-Saliba is not publicly traded, so there is no current market-based valuation for Tutor-Saliba's business. We also do not believe that there are closely comparable companies with publicly traded equity that provide a reasonable, comparative basis of valuation for Tutor-Saliba. In negotiating the merger, we used what we believe to be a reasonable valuation for Tutor-Saliba. The public markets may not value the Tutor-Saliba business in the same manner as we have valued it for purposes of negotiating the terms of the merger. In addition, in negotiating the economic terms of the merger, we relied upon implied valuations of Perini and Tutor-Saliba that were based upon projections of their respective future financial performance. These projections were based on estimates, assumptions and judgments with respect to, among other things, future economic, competitive and financial market conditions and future business decisions, which are difficult to predict and which are subject to numerous risks and uncertainties. The future financial performances of Perini and Tutor-Saliba could be significantly different from those contemplated by the financial projections. If either Perini's future financial performance is materially better than projected (and Tutor-Saliba does not also perform materially better), or if Tutor-Saliba's future financial performance is materially lower than projected (and Perini's performance is not similarly lower), the market may conclude that the value assigned to Tutor-Saliba in the merger was too high. In any of these events, the trading price of Perini common stock may decline.

**The merger may not be completed, which could adversely affect Perini's business operations and stock price.**

To complete the merger, Perini shareholders must approve the issuance of shares of Perini common stock as contemplated by the Merger Agreement and the amendment to the Perini amended and restated articles of organization.

In addition, the Merger Agreement contains additional closing conditions, which are described in the section "The Merger Agreement" beginning on page 73. These conditions may not be satisfied or waived. If we are unable to complete the merger, Perini would be subject to a number of risks, including the following:

Perini would not realize the benefits of the merger, including any synergies from combining the two companies; and

the trading price of Perini common stock may decline to the extent that the current market price reflects a market assumption that the merger will be completed.

The occurrence of any of these events individually or in combination could have a material adverse effect on the results of operations, financial position and cash flows of Perini or the trading price of our common stock.

**The combined company may not realize some or all of the expected benefits of the merger that were considered in negotiating the terms of the merger.**

Perini entered into the Merger Agreement with the expectation that the merger 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 estimates of benefits the combined company will 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, the combined company may not

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realize all of these benefits within the timeframes or in the amounts expected. If the combined company does not realize the expected benefits from the merger within the timeframes or in the amounts expected, the trading price of Perini common stock may decline.

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

Immediately following completion of the merger, two trusts controlled by Mr. Tutor will own approximately 43% of the outstanding shares of Perini common stock. In addition, Mr. Tutor will be the chairman and chief executive officer of the combined company and will have the right to designate up to two nominees for election as members of the Perini board of directors. (Mr. Tutor and his two designees would be 3 of 11 directors.) Although the Shareholders Agreement imposes significant limits on Mr. Tutor's right to vote the shares of Perini common stock that will be held by the Tutor Group, or to take specified actions that may facilitate an unsolicited acquisition of control of Perini by Mr. Tutor or his affiliates (all as described in The Shareholders Agreement beginning on page 86), 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 combined company or its assets. This concentration of ownership and influence in management and board decision-making also could harm the price of Perini common stock following completion of the merger by, among other things, discouraging a potential acquirer from seeking to acquire shares of Perini common stock (whether by making a tender offer or otherwise) or otherwise attempting to obtain control of the combined company.

**The issuance of shares of Perini common stock in the merger will substantially reduce the percentage interests of current Perini shareholders in the earnings, voting power and market value of combined company.**

Perini will issue approximately 23 million shares of Perini common stock in the merger. Upon completion of the merger and the issuance of these shares, based on the amount of shares of Perini common stock currently outstanding, Perini shareholders prior to the merger will own approximately 55% of the combined company's outstanding shares of common stock and the former Tutor-Saliba shareholders will own approximately 45% of the combined company's outstanding shares of common stock. The issuance of shares of Perini common stock in the merger will cause a significant reduction in the relative percentage interests of current Perini shareholders in earnings, voting power and market value of the combined company.

The merger is expected to be dilutive in 2008 (assuming completion in the third quarter of 2008) and accretive to Perini shareholders after 2008, and the accretive nature of the transaction is expected to result in increased earnings per share over time. The extent and duration of any dilution will depend on several factors, including the amount of merger-related expenses it incurs that are charged against its earnings, the time required to realize the benefits expected from the merger and the results of operations of Tutor-Saliba, which will not be known until after the merger is completed. If expenses charged against earnings are higher than the Special Committee expected, the benefits expected from the merger are slower to be realized than the Special Committee expected or Tutor-Saliba does not achieve the revenue and earnings growth projected by the Special Committee, the amount of dilution in 2008 could be greater than currently anticipated and the merger may not turn out to be accretive to current Perini shareholders (or may be less accretive than currently anticipated). In such event, the trading price of Perini common stock may decline.

After reflecting the pro forma adjustments as described in Unaudited Pro Forma Condensed Combined Financial Statements beginning on page 113, the pro forma diluted earnings per common share of the combined company for the three months ended March 31, 2008 is \$0.74 and the pro forma diluted earnings per common share of the combined company for the year ended December 31, 2007 is \$2.70 (excluding Tutor-Saliba's non-recurring gain on the sale of marketable securities). These unaudited pro forma condensed combined financial statements apply certain assumptions and adjustments which are based upon available information and assumptions that the managements of Perini and Tutor-Saliba believe reasonably reflect the merger.

**Table of Contents****Perini will incur significant transaction, compliance, restructuring and other merger-related fees and costs.**

Perini expects to incur costs associated with combining the operations of its business with those of Tutor-Saliba, as well as transaction fees and other costs related to the merger. The total cost to consummate the transaction is estimated to be approximately \$19.2 million. The amount of transaction costs expected to be incurred is a preliminary estimate and subject to change. The combined company also will incur restructuring and integration costs in connection with the merger. 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, will be approximately \$2 million over a period of 2 years. These merger-related and restructuring cost estimates depend on decisions to be made during integration. As with any merger, these estimates are based on preliminary assessment of integration activities and are likely to change. Additional unanticipated costs may be incurred in the integration of the businesses of the two companies. Depending on the nature of the restructuring activity, the cost may be included in the purchase price allocation to the extent known or as an expense in the period incurred. In addition, it is expected that the combined company's 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 Perini expects that the elimination of duplicative costs, as well as the realization of other efficiencies related to the integration of the businesses, may offset incremental transaction, merger-related 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 Perini common stock received in the merger could have a negative effect on the trading price of Perini common stock following completion of the merger.**

In the merger, we will issue a total of approximately 22.1 million shares of Perini 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 will be 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 will be subject to contractual restrictions under the terms of the Shareholders Agreement. Under those restrictions, none of those shares will be permitted to be resold for six months after completion of the merger (except with the consent of the Perini 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 Perini common stock through the fifth anniversary of the completion of the merger (unless the Perini 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 Perini common stock received in the merger as soon as the initial six-month period lapses, subject to market conditions and the terms of the Shareholders Agreement. The Tutor Group has certain rights to require Perini 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. Please see [The Shareholders Agreement](#) beginning on page 86 for a description of the terms of the Shareholders Agreement.

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

**The combined company will record goodwill that could become impaired and adversely affect its operating results.**

Under United States generally accepted accounting principles (which we refer to in this proxy statement as GAAP), the merger will be accounted for under the purchase method of accounting as a purchase by Perini of Tutor-Saliba. Under the purchase method of accounting, the total implied purchase price paid by Perini in the merger will be allocated to Tutor-Saliba's tangible assets and liabilities and identifiable intangible assets based on their fair values as of the date of completion of the merger. The excess of the purchase price over those fair values

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will be recorded as goodwill. We expect that the merger will result in the creation of goodwill based upon the application of purchase accounting. The unaudited pro forma condensed combined financial statements contained in this proxy statement beginning on page 113 reflect an estimate of goodwill resulting from the merger amounting to \$746.4 million. As a result of the merger, total pro forma goodwill of \$773.7 million would represent 24% of the total combined pro forma assets of \$3.2 billion. Please see Note 1, Goodwill of Notes to Unaudited Pro Forma Condensed Combined Financial Statements beginning on page 120 for a discussion of the factors contributing to the estimated amount of goodwill resulting from the merger. To the extent the value of goodwill or intangibles becomes impaired, the combined company may be required to incur material charges relating to such impairment. Such a potential impairment charge could have a material and adverse impact on the combined company's operating results.

**If Tutor-Saliba issues notes to the former Tutor-Saliba shareholders in connection with the merger, Tutor-Saliba's excess cash flows will be dedicated to repaying those notes and will not be generally available to Perini until the notes are repaid.**

In connection with the merger, Tutor-Saliba may issue aggregate dividends of up to \$120 million of cash and notes, subject to limitations contained in the Merger Agreement, in addition to the other distributions permitted by the Merger Agreement. These notes are being issued to the former Tutor-Saliba shareholders in essence to loan to the combined company, in order to support its surety requirements, funds that Tutor-Saliba would have otherwise distributed as dividends to its shareholders prior to the merger. Pursuant to the terms of the form of note attached to this proxy statement as *Annex D*, Tutor-Saliba is required to prepay the notes with 100% of its excess cash flow following the completion of the merger. Thus, until the notes are repaid, all excess cash flow generated by Tutor-Saliba following completion of the merger will be dedicated to repaying any notes issued by Tutor-Saliba in connection with the merger. Please see Pre-Closing Distribution of Property beginning on page 70 for a detailed description of the terms of the notes.

**The combined company will have continuing contractual obligations with Mr. Tutor, which may create conflicts of interest or may not be practical to enforce on Perini's behalf.**

The Merger Agreement includes obligations of Perini and the former Tutor-Saliba shareholders, including Mr. Tutor, that will continue following completion of the merger. These obligations include indemnification obligations, which may entitle Perini 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 to be issued by Tutor-Saliba also include obligations that will be in effect after the completion of the merger, including the restrictions on competitive activities, several of which may be impacted by the operating performance of Perini or Tutor-Saliba or the activities of Mr. Tutor.

In light of the important role Mr. Tutor is expected to serve for the combined company, it may be more difficult, impractical or unadvisable for Perini 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 Perini or Mr. Tutor. (Other former Tutor-Saliba shareholders are also expected to have continuing roles with the combined company, and a similar conflict of interest may arise, although their interests in the combined company will be significantly less than Mr. Tutor's.) If Perini determines 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, Perini 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. At the time the Special Committee and the Perini board of directors approved the merger, neither the Special Committee nor the Perini board of directors were aware of any material claims for which we would expect to exercise the remedies described in this risk factor.

**Perini, Perini's directors and Tutor-Saliba are named parties to a lawsuit relating to the merger that could delay or enjoin the completion of the merger and could cause Perini to incur substantial costs.**

A class-action complaint on behalf of a putative Perini stockholder class against Perini, Perini's current directors and Tutor-Saliba relating to the merger is pending in Massachusetts state court. Depending on the

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outcome, the action and any future similar actions could delay or enjoin the completion of the merger and could result in substantial costs to Perini. In addition, the cost to Perini of defending the action and any future similar actions, even if resolved in Perini's favor, could be substantial and could divert the attention of Perini management and its resources in general. See "The Merger - Litigation Related to the Merger" beginning on page 72.

**Risks Relating to the Combination of Perini and Tutor-Saliba**

**The combined business will have a substantially increased backlog and may not fully realize the revenue value of such backlog.**

As of March 31, 2008, our backlog of uncompleted construction work was approximately \$7.2 billion. On a pro forma basis, assuming completion of the merger, the backlog of the combined company would be approximately \$8.5 billion as of March 31, 2008, which is 18% higher than Perini's backlog on a stand-alone company basis.

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 expected to receive from contracts in backlog. If a customer cancels a project, we may be reimbursed for certain costs and profit thereon, but typically we have no contractual right to the unearned revenues reflected in our backlog. Significant cancellations or delays of projects in our backlog could have a material and adverse effect on our revenues, cash flows and profits.

**The combined company will assume all of the risks associated with businesses that are now structured as joint ventures between Perini and Tutor-Saliba, including risks related to pending material litigation.**

As of March 31, 2008, Tutor-Saliba was our partner in a total of 3 joint ventures for projects with a backlog of \$74.8 million. Upon completion of the merger, the combined company will own 100% of these projects (and of any additional joint ventures we may commence with Tutor-Saliba prior to completion of the merger). The result is that the combined company will have a greater share of both the potential benefits and the potential risks of such projects and will no longer enjoy the benefit of reduced financial and operational risks that accompany joint ventures with third parties. One of our joint ventures with Tutor-Saliba is involved in litigation with the Los Angeles County Metropolitan Transportation Authority, or LAMTA, regarding work done on various tunnel and station projects in the 1990s. We are a 40% minority partner in that joint venture and Tutor-Saliba is the 60% managing partner. Upon completion of the merger, the combined company will be exposed to 100% of the risk of any adverse outcome of that litigation.

**The growth prospects and future earnings of the combined company may be adversely affected, and the anticipated benefits of the merger may not be fully realized, if the combined company is unable to retain the services of Mr. Tutor.**

A substantial benefit of the merger is expected to be the continued service of Mr. Tutor as the full-time chairman and chief executive officer of the combined company. Losing Mr. Tutor's services could adversely affect the business of the combined company until a suitable replacement could be found. In addition, a loss of Mr. Tutor's services in the near term is likely to have a negative impact on the combined company's ability to fully realize the anticipated benefits of the merger. Replacing Mr. Tutor quickly with an executive of equal experience and capabilities would likely be difficult. Although Mr. Tutor will be bound by the Employment Agreement following completion of the merger, as described in "The Employment Agreement" beginning on page 89, and his significant ownership interest in the combined company is likely to provide him with a substantial economic incentive to remain employed by the combined company, Mr. Tutor will have a contractual right to resign. In addition, we could lose the services of Mr. Tutor if he were to become disabled or otherwise physically unable to continue to work. Thus, despite the Employment Agreement, Mr. Tutor's continued employment with Perini cannot be assured.

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**Any reduction in financing for, or changes in regulation of, the hospitality and gaming industry, particularly in Las Vegas, Nevada, that reduces the number of large construction projects available to us could adversely affect the future financial results and growth prospects of the combined company.**

Approximately 58% (or \$3.4 billion) of the combined company's pro forma revenues for the year ended December 31, 2007 were derived from construction projects in the hospitality and gaming industry in Las Vegas, Nevada. Any decline in this market or in the growth of this industry could materially and adversely affect the future financial results and growth prospects of the combined company.

**A significant portion of the combined company's operations will be concentrated in California and Nevada, and any adverse change to the economy or business environment in California or Nevada could adversely affect the combined company's future earnings and growth prospects.**

Following completion of the merger, a significant portion of the combined company's operations will be concentrated in California and Nevada. As a result, the combined company will be susceptible to fluctuations caused by adverse economic or other conditions in this region, including as a result of natural or other disasters. If either of these states were to experience an economic slowdown or recession, private developers might curtail building construction activities as vacancies increase and state and local governments might reduce spending on building and civil projects due to revenue shortfalls. Thus, a stagnant or depressed economy in California or Nevada could adversely affect our business, results of operations and financial condition both immediately and over a number of years after any recovery in those markets.

An economic slowdown or an uncertain economic outlook may have a particularly adverse effect on consumer spending in the hospitality and gaming industry, as that spending is discretionary and may decline during or in anticipation of economic downturns, when consumers have or expect to have less disposable income. We expect that the combined company will derive a significant portion of its revenues from the construction, expansion and renovation of hospitality and gaming facilities in Las Vegas, Nevada, so that any actual or anticipated economic slowdown could result in the cancellation or delay of projects in Las Vegas, Nevada.

**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, the growth prospects, revenues and earnings of the combined company could be adversely affected.**

A significant portion of the future revenues and growth prospects of the Black Construction, a subsidiary of Tutor-Saliba, 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:

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;

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the ability of the combined 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

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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), as discussed below in The combined business will have significant operations outside of the United States, and we expect these non-U.S. operations to increase. They will be subject to economic, political and other risks, which could adversely affect our revenues and earnings.

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 the growth prospects, future revenues and future earnings of the combined company.

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

Approximately 7% (or \$409 million) of the combined company's pro forma revenues for the year ended December 31, 2007 were 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 the combined company 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 the civil construction segment of the combined company. In addition, budget shortfalls in California and other states in which both Perini and Tutor-Saliba are involved in significant infrastructure projects could curtail or delay the funding of future projects.

Perini's building construction segment also is involved in significant construction projects for 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 the revenues and earnings of the combined company.

**The combined business will have significant operations outside of the United States, and we expect these non-U.S. operations to increase. They will be subject to economic, political and other risks, which could adversely affect our revenues and earnings.**

We derived approximately 3% of our revenues and approximately 35% of our income from construction operations for the year ended December 31, 2007 from our work on projects located outside of the United States, including projects in Iraq and Afghanistan. We expect non-U.S. projects to represent a meaningful portion of the revenues and earnings of the combined business for the foreseeable future. This includes the anticipated future business activities of Tutor-Saliba's Black Construction subsidiary on the island of Guam, which is a United States territory that has its own local government and is subject to only certain United States laws. The non-U.S. operations of the combined business will expose it to risks inherent in doing business in regions outside the United States (and especially in hostile regions such as Iraq and Afghanistan), 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;



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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 non-U.S. operations and, consequently, the business and operating results of the combined company. Specifically, failure to successfully manage risks associated with non-U.S. 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 markets outside of the United States.

**The combined company will include several new lines of businesses recently acquired by Tutor-Saliba. 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 in this proxy statement as the aggregates business). Although Tutor-Saliba has some experience managing and operating these types of businesses, we do not have any 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 the operations of Tutor-Saliba (and of the combined company) 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 the combined business may be adversely affected.

**Following the merger, we intend to continue to pursue acquisition opportunities, which may be difficult to integrate into our combined operations.**

Following the merger, we intend to continue to pursue acquisitions as part of our growth strategy. The process of managing and integrating new acquisitions into our combined operations 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 the existing business of the combined company. 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;

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the assumption of legal liabilities;

amortization of acquired intangible assets; and

potential write-offs relating to the impairment of goodwill.

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 the combined company may face operating outside of the United States.

**If Tutor-Saliba is unable to sustain its recent, significant rate of growth, the growth prospects and future results of the combined company are likely to be adversely affected.**

Over the past two years, Tutor-Saliba has undergone substantial revenue and earnings growth. This growth has come from a combination of organic growth and the effects of recent acquisitions. These acquisitions also are expected to contribute significantly to the future performance and growth prospects of the Tutor-Saliba business. Because this growth has not occurred over a sustained period of time, and because it is expected to be partially dependent upon the performance of recent acquisitions, there is no assurance that Tutor-Saliba will be able to continue this rapid pace of growth in the future. Such growth also could be negatively affected by many factors, including future construction industry and capital market conditions, the effects of integration with the Perini business or failures to integrate and successfully manage recent acquisitions (as discussed in the risk factor The combined company will include several new lines of businesses recently acquired by Tutor-Saliba. These acquisitions expose us to additional risks that, if realized, could adversely affect our future financial performance and operations. ). If, following the merger, Tutor-Saliba's growth rate slows, or if it fails to grow at the pace anticipated by Perini, the growth prospects and future results of the combined company are likely to be adversely affected.

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**THE MERGER**

**The Companies**

*Perini Corporation*

*Trifecta Acquisition LLC*

73 Mt. Wayte Avenue

Framingham, Massachusetts 01701

(508) 628-2000

Perini is a leading construction services company offering diversified general contracting, construction management and design-build services to private clients and public agencies throughout the world. We offer general contracting, preconstruction 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 and steel erection. During 2007, we performed work on approximately 185 construction projects for over 100 federal, state and local government agencies or authorities and private customers.

Our business is conducted through three primary segments: building, civil and management services. Our building segment (comprised of Perini Building Company, James A. Cummings, Inc. and Rudolph and Sletten, Inc.) focuses on large, complex projects in the hospitality and gaming, sports and entertainment, educational, transportation, corrections, healthcare, biotech, pharmaceutical and high-tech markets in New York, Connecticut, New Jersey, Massachusetts, Florida, Washington, D.C., Arizona, Nevada and California. Our civil segment is comprised of Perini Civil Construction and Cherry Hill Construction, Inc. and focuses on public works construction primarily in the northeastern and mid-Atlantic United States, including the repair, replacement and reconstruction of public infrastructure such as highways, bridges, mass transit systems and wastewater treatment facilities. Our management services segment provides diversified construction, design-build and maintenance services to the United States military and government agencies as well as surety companies and multi-national corporations in the United States and overseas.

Perini was incorporated in 1918 as a successor to businesses that had been engaged in providing construction services since 1894. Our headquarters are in Framingham, Massachusetts, and we have twelve other principal offices throughout the United States.

Shares of Perini common stock are traded on the NYSE under the symbol PCR.

For additional information about Perini and its business, please see *Incorporation by Reference* beginning on page 152 and *Where You Can Find Additional Information* beginning on page 152.

Trifecta Acquisition LLC is a California limited liability company and a wholly owned subsidiary of Perini. Trifecta Acquisition LLC was formed solely for the purpose of entering into the Merger Agreement with Tutor-Saliba and completing the merger. It has not conducted any business operations other than those contemplated by the Merger Agreement.

*Tutor-Saliba Corporation*

15901 Olden Street

Sylmar, California 91342

(818) 362-8391

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 its customers, the project owners.



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Tutor-Saliba operates in three segments: domestic building, domestic civil and international. Tutor-Saliba's domestic building operations are predominately in Nevada and California where it maintains large offices. Tutor-Saliba's domestic civil operations have been historically focused primarily in California and New York. Tutor-Saliba's international operations are conducted primarily on the island of Guam and in the Philippines.

Tutor-Saliba's domestic building operations focus on large, complex buildings in the gaming and hospitality, sports and entertainment, transportation, education and healthcare markets, as well as for governmental agencies. Tutor-Saliba's domestic civil operations focus on large, complex public infrastructure construction, including highways, bridges, airports, wastewater treatment facilities and mass transit systems. Tutor-Saliba's primary customers are federal and state government agencies and local municipalities. Tutor-Saliba's international operations are conducted through its subsidiary, Black Construction Corporation, which has been in operation for over 50 years and is the largest contractor on the island of Guam. Black Construction also operates in the Philippines and Micronesia. This segment focuses on both civil and building projects, serving the United States military, local governments and private companies.

Tutor-Saliba is a privately held corporation. Its principal shareholders are two trusts controlled by Mr. Tutor.

For additional information about Tutor-Saliba and its business, please see "Information about Tutor-Saliba" beginning on page 92 and "Where You Can Find Additional Information" beginning on page 152.

## **The Merger Proposals**

At the annual meeting, among other matters, the holders of Perini common stock will be asked to consider and vote on the following proposals related to the merger:

*Proposal 1:* A proposal to approve the issuance of 22,987,293 shares of Perini common stock in the merger contemplated by the Agreement and Plan of Merger, dated as of April 2, 2008, by and among Perini, Trifecta Acquisition LLC, Tutor-Saliba, Mr. Tutor and shareholders of Tutor-Saliba, as amended by Amendment No. 1 thereto, dated as of May 28, 2008; and

*Proposal 2:* A proposal to amend our amended and restated articles of organization to increase the number of authorized shares of Perini common stock from 40 million to 75 million shares.

**THE MERGER WILL NOT BE COMPLETED UNLESS, AMONG OTHER THINGS, THE PERINI SHAREHOLDERS APPROVE BOTH (1) THE SHARE ISSUANCE PROPOSAL AND (2) THE ARTICLES AMENDMENT PROPOSAL. UNDER THE MERGER AGREEMENT, COMPLETION OF THE MERGER IS SUBJECT TO THE SATISFACTION (OR, IF LEGALLY PERMITTED, WAIVER) OF SPECIFIED CLOSING CONDITIONS. APPROVAL BY THE PERINI SHAREHOLDERS OF THE MERGER PROPOSALS IS SUCH A CONDITION, WHICH MAY NOT BE WAIVED BY EITHER PERINI OR TUTOR-SALIBA.**

The share issuance proposal is intended to satisfy the listing requirements of the NYSE.

The articles amendment proposal is intended to satisfy the requirements of Massachusetts law and the Perini amended and restated articles of organization for shareholder approval of amendments to the amended and restated articles of organization.

## **Background of the Merger**

Perini and Tutor-Saliba have worked closely together since approximately 1977. The two companies have worked as joint venture partners on over 35 projects with aggregate project value of over \$2.9 billion since that time. This includes recent joint ventures such as the Tappan Zee Bridge Repair, Brooklyn Queens Expressway Rehabilitation and the Airtran Terminal at Jamaica Station.

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Tutor-Saliba has been an investor in Perini for much of the past 17 years, over which period Ronald N. Tutor has been the chairman and chief executive officer of Tutor-Saliba. Mr. Tutor (through trusts controlled by him) is the principal shareholder of Tutor-Saliba, owning approximately 96% of the outstanding stock of Tutor-Saliba.

In January 1997, a group led by Blum Capital Partners, which included Tutor-Saliba as a limited partner, invested approximately \$30 million in Perini to help Perini avoid bankruptcy. In connection with that investment, Mr. Tutor became a director of Perini and its chief operating officer, pursuant to a management agreement between Perini and Tutor-Saliba. Michael R. Klein, another investor in that group, also joined the Perini board of directors.

In 2000, Perini obtained additional \$40 million in equity capital from a group led by Tutor-Saliba, American International Group Inc, or AIG, and O&G Industries, in which Tutor-Saliba again participated as an investor, and, in connection with this investment, Mr. Tutor became Chairman of the Perini board of directors. Tutor-Saliba subsequently acquired the shares acquired by AIG directly from AIG.

In March 2000, Mr. Tutor became Perini's chief executive officer. He continues to serve Perini as both its chairman and chief executive officer, positions he has also continuously held at Tutor-Saliba. Mr. Klein was elected vice chairman of the Perini board of directors in September 2000, and its Lead Outside Director in 2004.

From time to time since 1997, Mr. Klein and other members of the Perini board of directors have raised with Mr. Tutor the possibility of combining Perini with Tutor-Saliba. None of these discussions resulted in any substantial negotiations because Mr. Tutor routinely indicated that he preferred to keep Tutor-Saliba a separate, privately owned company.

On November 13, 2007, at a meeting of the Compensation Committee of the Perini board of directors, Mr. Tutor explained, as reflected in public filings made by Tutor-Saliba and Mr. Tutor, that Tutor-Saliba had been selling its shares of Perini common stock. He said that Tutor-Saliba intended to sell the remainder of its shares of Perini common stock in order to separate the two businesses because he was contemplating taking Tutor-Saliba public in the Spring of 2008 through an initial public offering. He went on to state that, if he proceeded with this initial public offering, he would resign his executive roles with Perini. As reflected in public filings made by Tutor-Saliba and Mr. Tutor, following this meeting, Tutor-Saliba continued to sell the remainder of its shares of Perini common stock until, in December 2007, it ceased to directly or indirectly own any shares of Perini common stock. (Mr. Tutor continued to own (and still owns) restricted stock units covering 150,000 shares of Perini common stock, which shares vested by their terms on June 30, 2008.)

Following this disclosure, the non-management directors of Perini who were present at the meeting of the Compensation Committee (Mr. Klein, Peter Arkley, Willard W. Brittain, Jr., Robert A. Kennedy and Raymond R. Oneglia) convened separately to discuss the implications for Perini of Mr. Tutor's statements. They determined to begin to explore alternatives on behalf of Perini, including, whether to again propose that Mr. Tutor consider, as an alternative to an initial public offering of Tutor-Saliba, combining Perini and Tutor-Saliba, on terms that were acceptable to Perini. These directors discussed the possibility that a new chief executive officer might need to be identified if a business combination transaction between Perini and Tutor-Saliba could not be negotiated. They decided to begin to search for potential candidates to prepare for that possibility. These directors also discussed the possibility that unsolicited proposals for the acquisition of Perini might be presented to Perini, including those that might arise either once a business combination with Tutor-Saliba was publicly announced or after the merger was completed. They also discussed potential bidders that they thought were most likely to be interested in Perini. However, they did not reach any conclusions regarding how Perini should react to any such proposals or whether interest in any such proposals should be solicited. Recognizing that any business combination transaction with Tutor-Saliba would present a conflict of interests for Mr. Tutor, the directors asked Mr. Klein to inform the other non-management members of the Perini board of directors of these recent developments and then to organize a committee of independent and disinterested directors to be responsible for Perini's interests. They also discussed several administrative matters relating to forming such a committee.

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Over the next several weeks, Mr. Klein discussed these matters with the other non-management members of the Perini board, who generally indicated that a business combination transaction with Tutor-Saliba would merit consideration, if Mr. Tutor was interested in considering that as an alternative to taking Tutor-Saliba public. These discussions related primarily to ministerial and administrative matters related to organizing an independent committee of the Perini board of directors to consider this kind of a transaction. They also agreed that the group of directors that had informally convened to discuss the transaction on November 13, 2007 (other than Mr. Oneglia) should likely serve on such an independent committee, subject to an outside counsel assessment of their independence and disinterestedness. Mr. Klein also discussed with those directors the process for retaining and negotiating arrangements with potential legal and financial advisors.

In late November and early December 2007, Mr. Klein approached potential legal and financial advisors to assist a board committee that would be formed if Mr. Tutor were to be interested in discussing a business combination transaction between Perini and Tutor-Saliba. Mr. Klein contacted Kirkland & Ellis LLP to serve as the committee's legal counsel and UBS Securities LLC (referred to in this proxy statement as UBS) to serve as the committee's financial advisor, with the retention of each to be formally determined if and when a special committee was formed.

Mr. Klein arranged and had a dinner meeting with Mr. Tutor on the evening of December 11, 2007, in New York City to assess his receptivity to a business combination between Tutor-Saliba and Perini as an alternative to an initial public offering of Tutor-Saliba because he believed it was in Perini's best interests to pursue negotiations with Mr. Tutor to determine whether a business combination transaction with Tutor-Saliba could be entered into on terms that were acceptable to Perini. At that dinner, Mr. Klein discussed with Mr. Tutor reasons why he believed that a business combination transaction between the two companies would be an attractive alternative for Mr. Tutor. Mr. Klein suggested to Mr. Tutor that both an initial public offering of Tutor-Saliba and a business combination transaction between Tutor-Saliba and Perini would achieve the same economic goal for Tutor-Saliba shareholders—permitting them to monetize their interests in Tutor-Saliba at public market values. However, he suggested to Mr. Tutor that a business combination with Perini would be a faster, less expensive and less risky alternative than an initial public offering of Tutor-Saliba to successfully create value for the Tutor-Saliba shareholders. He also noted that the benefits expected to be realized from a combination of the businesses of Tutor-Saliba and Perini would not be present in an initial public offering. Mr. Klein indicated that he thought that there was interest on the part of the Perini board of directors in entering into discussions regarding such a business combination transaction. Mr. Tutor responded that he was willing to consider such a business combination transaction along with his continuing pursuit of an initial public offering for Tutor-Saliba, although he did not express any conclusions regarding the likelihood of entering into the business combination transaction. He indicated that he expected that Tutor-Saliba would be prepared to file its registration statement for its initial public offering within a few months and that prospective advisors had indicated that the initial public offering would be well received by the market. Mr. Klein advised Mr. Tutor that, given his relationships with both entities, any negotiations of a transaction should adhere to stringent procedures appropriate to the negotiation of transactions involving conflicts of interest. He noted that such procedures would include the formation of an independent committee to negotiate the transaction on behalf of Perini, which could hire independent legal and financial advisors, restrictions on Mr. Tutor's communications with the other members of the Perini board of directors and management regarding the transaction, restrictions on Mr. Tutor's access to any information relevant to Perini's negotiation of the transaction by the independent committee and abstentions by Mr. Tutor from any actions that might affect the negotiations. Mr. Tutor stated that he understood and agreed to observe these procedures. Mr. Klein then reported the results of this dinner conversation to the other members of the Perini board of directors with whom he discussed the proposed transaction on November 13, 2007, and they generally agreed to proceed to organize a special committee of independent and disinterested directors to explore this business combination transaction on behalf of Perini, with the assistance of outside independent legal and financial advisors.

On January 3, 2008, Mr. Tutor sent a letter to Mr. Klein and the other members of the Perini board of directors in which he outlined the terms on which he would be interested in a business combination transaction between Tutor-Saliba and Perini. The letter stated that he would expect Perini to be the surviving public company in the



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transaction and that he would continue as the chairman of the Perini board of directors and chief executive officer of Perini after the closing of the transaction. Mr. Tutor proposed that, after certain distributions of non-core Tutor-Saliba assets prior to the closing of the transaction, based on his assessment of the value of Tutor-Saliba, the shareholders of Tutor-Saliba should own approximately 55% of the pro forma outstanding shares of the combined company, although he suggested that he might be willing to structure that equity interest to include 49% of the pro forma outstanding shares of common stock of the combined company, plus non-voting preferred stock of Perini with a value of \$250 million.

Mr. Tutor suggested a meeting to discuss the proposed transaction on or about January 15, 2008. Shortly after receiving this letter, to which he did not respond, Mr. Klein received from Tutor-Saliba a copy of marketing materials prepared by advisors to Tutor-Saliba containing, among other information, various preliminary valuation indications of Tutor-Saliba in connection with a potential initial public offering of, and certain assumed strategic investments in, Tutor-Saliba. These materials had been prepared for the sole purpose of being delivered to several prospective underwriters in connection with the initial public offering. Mr. Klein subsequently conveyed these materials to other members of the Perini board of directors.

On January 7, 2008, the Perini board of directors held a meeting at Perini's headquarters in Framingham, Massachusetts and by teleconference. All of the directors (including Mr. Tutor) were in attendance in person or by telephone. At the meeting, the Perini board of directors created the Special Committee to explore and evaluate potential strategic transactions that might be available to Perini, including in particular a business combination transaction with Tutor-Saliba, and to discuss and negotiate the terms of any such transactions. The board discussed the need to ensure that all members of the Special Committee were both independent and disinterested. Mr. Klein reported that he had received advice and assistance assessing the qualifications of the Perini directors to serve as members of the Special Committee from Kirkland & Ellis. After discussion of such qualifications, the board decided that the Special Committee would be comprised of four independent, disinterested directors who had begun to discuss the proposed transaction with Tutor-Saliba on November 13, 2007 Messrs. Arkley, Brittain, Kennedy and Klein. The board of directors directed the Special Committee to report back to the full board with its recommendations and conclusions at such time as they were prepared to either recommend a specific transaction or advise the full board that, in their judgment, no strategic transaction available to Perini should be pursued. Mr. Klein was elected the initial Chairman of the Special Committee, subject to further confirmation by the Special Committee.

Following the meeting, Mr. Klein scheduled a meeting with Mr. Tutor and other representatives of Tutor-Saliba for January 17, 2008 in Los Angeles, California.

Prior to a meeting of the Special Committee on January 16, 2008, Mr. Klein and UBS reached tentative agreement on the financial terms of UBS engagement by the Special Committee.

On January 16, 2008, the Special Committee held a meeting in Los Angeles, California, together with its financial and legal advisors. The Special Committee discussed with these advisors the dynamics defining the possibility of negotiating a transaction with Tutor-Saliba on terms that might be acceptable to both parties, in preparation for the meeting scheduled for the following day with representatives of Tutor-Saliba. UBS presented its preliminary financial analyses of Tutor-Saliba and Perini and a general overview of the financial market for engineering and construction companies. The Special Committee and its advisors discussed the degree to which an impediment to the ability of Perini to offer a transaction that would be attractive to Mr. Tutor and acceptable to Perini, in that the shares of Perini common stock were trading at prices well below historic levels for Perini and multiples of other public companies in the engineering and construction industry and discussed events that might explain that to Mr. Tutor. As they had previously discussed on November 13, 2007, the Special Committee also discussed the possibility of business combinations with other participants in the industry, including proposals that might arise in connection with the pursuit or announcement of a transaction with Tutor-Saliba, and the pursuit of alternative leadership in the event Mr. Tutor resigned from Perini to pursue an initial public offering of Tutor-Saliba. After this discussion, the Special Committee decided not to initiate exploration of alternative transactions with other participants in the industry until it had first explored more completely a combination with Tutor-Saliba or received a proposal for an alternative transaction on an unsolicited basis. The

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Special Committee reached this decision based on several factors, including (i) its belief that it should proceed with the consideration and negotiation of a transaction with Tutor-Saliba before it determined if soliciting interest in proposals to acquire Perini or enter into an alternative business combination transaction involving Perini was necessary, appropriate or in the best interests of Perini and its shareholders, (ii) the current trends and competitive developments in the industry, including the overall decline in market value of public companies in the industry, which created unfavorable conditions in which to seek to sell Perini, (iii) the fact that the transaction with Tutor-Saliba appeared to be, based on the Special Committee's knowledge of the business, market and potential acquirors of Perini, the most likely transaction that would increase shareholder value, (iv) the risk that Perini might lose the current opportunity to pursue a business combination transaction with Tutor-Saliba if Tutor-Saliba became aware of the initiation of efforts to identify and solicit alternative transactions, (v) the Special Committee's belief that, in any event, any final transaction agreement with Tutor-Saliba would include provisions that would allow the Special Committee and the Perini board of directors to pursue a superior offer if it were to materialize, and (vi) the Special Committee's belief that completion of the merger would not preclude the pursuit of any potential strategic alternatives for Perini in the future (other than remaining as a stand-alone company without the acquisition of the Tutor-Saliba business) and, in fact, might enhance the availability and/or attractiveness of such alternatives. However, the Special Committee agreed that it could revisit this issue in the future. The Special Committee ultimately did not opt to pursue other strategic alternatives during its consideration of the merger, primarily because it determined that the merger was in the best interests of the Perini shareholders, the Merger Agreement included the expected provisions that would allow the Special Committee and the Perini board of directors to pursue an alternative transaction proposal reasonably likely to lead to a superior proposal if one materialized (or change the recommendation of the Perini board of directors to the Perini shareholders pursuant to its fiduciary obligations), the Special Committee determined that soliciting interest in alternative transactions was not necessary or appropriate in light of the nature of the merger in which Perini shareholders would continue to hold their interests in Perini and no unsolicited offers for alternative transactions had been made known to the Special Committee during the period of consideration of the Merger Agreement.

On January 17, 2008, the Special Committee held a meeting in Los Angeles, California, together with its legal advisors. At the meeting, the Special Committee discussed several organizational matters and basic procedures to be followed by the Special Committee. Topics expected to be discussed with representatives of Tutor-Saliba also were reviewed. The Special Committee confirmed that Mr. Klein would serve as the Chairman of the Special Committee and that the Special Committee would formally retain UBS as the Special Committee's financial advisor (subject to the negotiation of an appropriate engagement letter) and Kirkland & Ellis as the Special Committee's legal counsel. The representatives of Kirkland & Ellis discussed several legal considerations with the Special Committee, including the fiduciary obligations of Perini directors with respect to any business combination with Tutor-Saliba and how the terms of any business combination agreement with Tutor-Saliba could affect those obligations.

Later in the day on January 17, 2008, the Special Committee and its financial and legal advisors met at UBS' offices in Century City, California with representatives of Tutor-Saliba and its advisors, including Deutsche Bank Securities Inc. (referred to in this proxy statement as Deutsche Bank), Tutor-Saliba's financial advisor, and Tutor-Saliba's outside legal counsel, Latham & Watkins LLP and Nomi Castle. In attendance on behalf of Tutor-Saliba were Mr. Tutor, James A. Frost, executive vice president and chief operations officer of Tutor-Saliba, and William B. Sparks, senior vice president and chief financial officer of Tutor-Saliba. Early in the discussions that ensued at the meeting, Mr. Tutor agreed that, in light of the dialogue between the parties concerning the then-current market price of Perini common stock, that any transaction could be negotiated on the basis of the implied relative values of the two companies, rather than being tied to the fluctuating market value of Perini common stock. This agreement in principle among the members of the Special Committee and Mr. Tutor reflected a consensus among them that Perini common stock was then under-valued, so that any transaction in which Tutor-Saliba shareholders would receive an interest in Perini based on the current trading prices for Perini common stock would necessarily undervalue Perini, and that if the terms of a transaction were appropriately negotiated, the benefits ultimately would be reflected in a rise in the market value of Perini over the long term. Accordingly, the negotiations thereafter proceeded toward finding terms of a business combination that reflected

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the relative implied values of the two companies (one to the other), based on both their present and projected performance, rather than looking to the fluctuating market price of Perini common stock. As a result, Tutor-Saliba agreed to make financial and legal due diligence materials regarding Tutor-Saliba available to the Special Committee and its advisors and that the parties could reconvene to discuss possible financial terms of a potential transaction once the Special Committee was able to review these materials and discuss the results of its work. A representative of Kirkland & Ellis also reminded the parties about the importance of adhering to the Special Committee's guidelines for the negotiation of a transaction.

Tutor-Saliba made financial and legal due diligence materials regarding Tutor-Saliba available to the Special Committee and its advisors, beginning on January 19, 2008 and continuing until shortly before the execution of the Merger Agreement. This included providing access to an online data room, making Tutor-Saliba's management and advisors available for various meetings and providing supplemental information at the request of the Special Committee and its advisors.

Over the next several days, representatives of Kirkland & Ellis and Latham & Watkins discussed appropriate procedures for the sharing of information between the companies and negotiated a confidentiality and standstill agreement that both companies signed on January 25, 2008.

On January 23, 2008, representatives of UBS met with management of Tutor-Saliba, including Messrs. Tutor, Frost and Sparks, and representatives of Deutsche Bank at Tutor-Saliba's headquarters near Los Angeles, California. At the meeting, the parties discussed certain projected financial information of Tutor-Saliba.

On January 25, 2008, management of Perini, including Robert Band, president and chief operating officer of Perini, and Kenneth R. Burk, senior vice president and chief financial officer of Perini, and representatives of UBS met with management of Tutor-Saliba, including Messrs. Tutor, Frost and Sparks, and representatives of Deutsche Bank at Tutor-Saliba's headquarters near Los Angeles, California. At the meeting, the parties discussed certain alternatives regarding post-closing operations of the companies (which did not include any discussion of post-closing management of the combined company).

On February 7, 2008, the Special Committee held a meeting in Washington, D.C., together with its financial and legal advisors. Representatives of UBS provided an update to the Special Committee on the work UBS had done since the January 17, 2008 meetings with Tutor-Saliba, including its preliminary financial analyses of Tutor-Saliba, Perini and the proposed transaction. The Special Committee and its advisors discussed the preliminary analyses and several open items in them. The Special Committee reviewed and discussed the projections of financial performance for each of Perini and Tutor-Saliba proposed by each company, respectively, and the comments on the reasonableness of the projections provided by each company's management of the other company's projections. (Mr. Tutor did not participate in the preparation of Perini's base case projections). In addition, in a series of separate calls, the Special Committee discussed these items with management of Tutor-Saliba (including Messrs. Tutor and Sparks), management of Perini (including Messrs. Tutor, Band and Burk), and other members of the Perini board of directors. Following these calls, the Special Committee further discussed the various projections with UBS and provided further input on its views of the projections in an effort to create a set of projections for each company and an estimate of synergies for the combined company that would reflect the best currently available estimates and judgments of the Special Committee, taking into account its independent views, input from the two companies' senior management and input from the other directors of Perini, of the future financial performance of the companies and the estimated synergies for the combined company. In addition, the Special Committee discussed the potential impact on Perini and its shareholders of the discontinuation of Mr. Tutor's leadership of Perini (which they expected would occur if no business combination were negotiated and Mr. Tutor was able to complete an initial public offering of Tutor-Saliba). They concluded that his absence could have significant adverse effects on Perini's future success on a stand-alone basis, particularly on Perini's civil segment. Accordingly, the Special Committee adjusted the projected financial performance of Perini as a stand-alone company operating without Mr. Tutor's involvement to reflect this view. Finally, the Special Committee also discussed preliminarily terms and conditions for the retention of Mr. Tutor as the chief executive officer and substantial shareholder of the combined company for an extended period after any business combination.

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Following the February 7, 2008 meeting of the Special Committee, Mr. Klein contacted Mr. Tutor and indicated that he expected to be able to meet in about a week to discuss the possible financial terms of a business combination.

Shortly after the February 7, 2008 meeting of the Special Committee, Perini and the Special Committee executed an engagement letter with UBS that had been approved by the Special Committee at the meeting.

Between February 8 and February 10, 2008, the Special Committee continued to review, discuss and refine the projections by and of the two companies separately and combined, and the estimated synergies for a combined company.

On February 12, 2008, the Special Committee met by teleconference, together with its financial and legal advisors. Representatives of UBS provided an update to the Special Committee on its work since the previous meeting of the Special Committee and presented a revised preliminary financial analyses of Tutor-Saliba, Perini and business combination transaction which reflected guidance provided by the Special Committee at and since the previous meeting of the Special Committee. The Special Committee discussed the relative implied values of Perini and Tutor-Saliba, as reflected in the preliminary financial analyses presented by UBS. Based on the relative implied values of Perini and Tutor-Saliba reflected in the analyses presented to the Special Committee, there was general agreement among the Special Committee members that Mr. Tutor's proposal that Perini shareholders should own less than a majority of the total shares of the combined company was not acceptable. Based on the relevant information presented and discussed, the Special Committee discussed various approaches to the amount of relative ownership of the combined company by Perini and Tutor-Saliba shareholders. It sought an approach that would be beneficial to Perini shareholders, sufficiently attractive to Mr. Tutor to cause him to want to continue pursuing the proposed transaction and consistent with the relative implied valuations of Tutor-Saliba and Perini (taking into account the estimated synergies). In light of these discussions, the Special Committee generally agreed, on a tentative basis, that they would propose a business combination in which the Tutor-Saliba shareholders would receive a percentage of the fully-diluted shares of the combined company in the mid-40's as a basis for further discussion of the transaction with Mr. Tutor. The Special Committee also reviewed compensation packages for chief executive officers at peer firms, with a view to developing an appropriate employment agreement with Mr. Tutor in the event that a transaction were to be completed. Representatives of Kirkland & Ellis discussed with the Special Committee certain non-financial terms for which the Special Committee should consider negotiating as a material part of the negotiation of the material terms of the entire transaction, including restrictions on Mr. Tutor with respect to his ownership, voting and sale of shares of Perini common stock received in any transaction. The Special Committee discussed various negotiation strategies and ranges of acceptable values and authorized Mr. Klein to meet with Mr. Tutor to proceed to negotiate the material terms of a possible transaction.

Mr. Klein subsequently asked Mr. Arkley to join him at the meeting with Mr. Tutor.

On February 14, 2008, Mr. Klein, accompanied at times by Mr. Arkley, met with Mr. Tutor in Century City, California. During the course of this meeting, representatives of UBS and Kirkland & Ellis were available to advise the Special Committee members and representatives of Deutsche Bank and Latham & Watkins were available to advise the representatives of Tutor-Saliba. Following the decision regarding the combined company ownership ratios proposed by the Special Committee, Mr. Klein initiated the negotiation by proposing to Mr. Tutor a transaction in the form of an all-stock merger in which shareholders of Tutor-Saliba would receive shares of Perini common stock equal to 42% of the fully diluted shares of the combined company in exchange for all shares of Tutor-Saliba, after the distribution of certain Tutor-Saliba assets. Mr. Klein suggested that the Special Committee believed that Tutor-Saliba would be viewed as contributing approximately 42% of the implied value of the combined company in a merger, taking into account estimated synergies that were expected to be realized as a result of the transaction, so that Tutor-Saliba shareholders should, in the merger, receive approximately that percentage of the shares of common stock of Perini that would be outstanding at that time. Mr. Tutor responded that he felt that percentage failed adequately to reflect the immediate and expected longer term contributions of Tutor-Saliba to the combined enterprise and requested, obtained and then responded further

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to a presentation of the rationale for the proposed exchange ratio. After a series of proposals and counter-proposals, and after consultations with their respective outside advisors, Mr. Klein and Mr. Tutor reached a tentative agreement on the principal terms of a merger transaction, subject to further due diligence, confirmation of valuations, the negotiation of definitive agreements and the receipt of necessary approvals, including that of the Special Committee and the full Perini board of directors. The parties tentatively agreed that:

Perini would acquire Tutor-Saliba (excluding cash and certain non-core physical assets of Tutor-Saliba which Tutor-Saliba would distribute to its shareholders before the transaction) in a stock-for-stock transaction structured as a merger;

the shareholders of Tutor-Saliba would receive shares of Perini common stock as merger consideration equal to approximately 45% of the pro forma outstanding shares of the combined company, subject to the Special Committee receiving an opinion from its financial advisor that the corresponding exchange ratio was fair from a financial point of view to Perini;

the merger agreement would include a fiduciary out to permit the Perini board of directors to change its recommendation to Perini shareholders and/or terminate the merger agreement to accept a superior proposal;

Mr. Tutor would sign a 5-year employment agreement to serve as the chief executive officer of the combined company and would get certain board representation rights; and

Mr. Tutor and the other shareholders of Tutor-Saliba who would receive shares of Perini common stock in the merger would agree to be bound by transfer, voting, and standstill restrictions with respect to those shares in a shareholders agreement to be negotiated separately.

The parties also discussed whether the agreements should contemplate that Perini would be reincorporated in Delaware or Nevada and move its headquarters to Las Vegas, Nevada.

Following this meeting, Mr. Klein instructed Kirkland & Ellis to prepare draft agreements to reflect the proposed transaction discussed at the February 14 meeting.

On February 22, 2008, Kirkland & Ellis delivered a draft of a merger agreement, a shareholders agreement and an employment agreement for Mr. Tutor to Tutor-Saliba and its advisors. Following the delivery of these agreements, Mr. Tutor contacted Mr. Klein and raised concerns about various terms the parties had identified upon review of these draft agreements, including whether the post-closing indemnification of Perini would be secured by certain of the shares of Perini common stock to be issued in the merger, the right of Perini to respond to unsolicited alternative takeover proposals for Perini, the transfer restrictions imposed with respect to the shares of Perini common stock to be received by the Tutor-Saliba shareholders in the merger and unresolved compensation amounts in the employment agreement with Mr. Tutor. Messrs. Klein and Tutor also discussed a timetable for the negotiation of the agreements.

On February 28, 2008, representatives of Kirkland & Ellis held a teleconference with management of Tutor-Saliba, including Messrs. Tutor and Sparks, and representatives of Latham & Watkins to discuss the draft agreements delivered on behalf of the Special Committee. The parties discussed, among other things, the deal structure, various terms of the employment agreement with Mr. Tutor, the scope of the right of the Perini board of directors to change its recommendation to Perini shareholders or terminate the merger agreement, the amount of a termination fee and expense reimbursement that Perini would be required to pay to Tutor-Saliba following the termination of the merger agreement in certain circumstances, whether the post-closing indemnification of Perini would be secured by certain of the shares of Perini common stock to be issued in the merger, the terms on which Tutor-Saliba would be permitted to make pre-closing dividends of various non-core assets and available cash balances and the terms of the transfer, standstill and voting restrictions in the proposed shareholders agreement.

Over the course of the next several weeks, representatives of Kirkland & Ellis and Latham & Watkins continued to exchange drafts of the transaction agreements and engaged in several teleconferences to negotiate the terms of the agreements at the direction and on behalf of their respective clients. In addition, Messrs. Klein



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and Tutor directly negotiated various issues that arose regarding terms of these agreements. The parties continued to discuss many of the same items discussed on the February 28, 2008 teleconference, including the transaction structure (as to which the parties discussed several different options to effect the transaction in a tax-efficient manner and also discussed the possible reincorporation of the combined company in Delaware), the term of the transfer, standstill and voting restrictions in the shareholders agreement (which would extend for longer periods than initially agreed if the Tutor Group continued to hold a significant portion of the shares), the limitations on the indemnification obligations of the parties and the timing for Perini's receipt of audited financial statements of Tutor-Saliba. Throughout the time of these continuing negotiations, the Special Committee, with the assistance of its advisors, continued to collect and assess additional information regarding Tutor-Saliba, Perini and the proposed transaction and to review and refine the projections of the future financial performance of the companies based on information from the management of Tutor-Saliba and Perini and additional input from the Special Committee members.

On March 18, 2008, the Special Committee held a meeting at Perini's headquarters in Framingham, Massachusetts, together with its financial and legal advisors. Prior to the meeting, drafts of the Merger Agreement, Shareholders Agreement and Employment Agreement were circulated to the Special Committee members. At the meeting, Mr. Klein and representatives of Kirkland & Ellis provided an update to the other members of the Special Committee on the status of the negotiations to date. Kirkland & Ellis also reviewed the drafts of the agreements provided to the Special Committee. The Special Committee provided further guidance to the representatives of Kirkland & Ellis on proposed revisions to the terms of the agreements. In addition, the Special Committee discussed the terms on which Tutor-Saliba would be permitted to make the contemplated pre-closing dividends, including the expected amount of cash Tutor-Saliba would distribute to its owners by dividend prior to the closing and the anticipated impact of these dividends on the combined company's surety bonding capacity. Representatives of Kirkland & Ellis again reviewed with the Special Committee aspects of its fiduciary duties in connection with its consideration of the proposed transaction. UBS provided an update to the Special Committee on the work UBS had done since the previous meeting of the Special Committee and presented its preliminary financial analyses of Tutor-Saliba, Perini and of the proposed transaction in light of the economic terms reflected in the current drafts of the transaction agreements. The Special Committee determined that it would update the Perini board of directors regarding the status of the proposed transaction at a regularly scheduled meeting of the Perini board of directors to take place on March 19, 2008.

Following this meeting of the Special Committee, Messrs. Klein and Arkley met with Mr. Tutor at Perini's headquarters in Framingham, Massachusetts to discuss the desire of the Special Committee that Tutor-Saliba's dividends prior to closing not result in the combined company lacking a level of cash at closing adequate to support anticipated bonding needs. As a result of these discussions, among other changes, Mr. Tutor agreed that the dividends that Tutor-Saliba would distribute to its shareholders prior to the closing would be limited to the amount of cash held by Tutor-Saliba and that the balance of any dividend would be paid in the form of notes.

On March 19, 2008, the Special Committee met at Perini's headquarters in Framingham, Massachusetts, together with its financial and legal advisors. Messrs. Klein and Arkley updated the other members of the Special Committee on the outcome of the prior day's negotiations with Mr. Tutor and the changes to which he had agreed to address the concerns with respect to available cash raised by the Special Committee. The Special Committee also asked additional questions of the representatives of UBS regarding its preliminary financial analyses of Tutor-Saliba, Perini and the proposed transaction presented at the last meeting of the Special Committee. The members of the Special Committee discussed Perini management's preliminary estimates of the projected effects of the proposed transaction on the earnings per share of the combined company.

Later that day, the Perini board of directors held a regularly scheduled meeting at Perini's headquarters in Framingham, Massachusetts, together with the Special Committee's financial and legal advisors. (Mr. Tutor did not attend the portion of the meeting during which the proposed transaction with Tutor-Saliba and all related matters were discussed.) At the meeting, Mr. Klein and representatives of Kirkland & Ellis reported to the other members of the Perini board of directors the status of negotiations and general terms of the proposed transaction between Perini and Tutor-Saliba. Mr. Klein indicated that the Special Committee expected to be able to make a formal recommendation to the board of directors within a few weeks.

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Following these meetings, the negotiation of the transaction agreements and due diligence and financial analyses of the transaction continued among the representatives of Tutor-Saliba, the Special Committee and their respective advisors. In addition, each of the companies prepared and circulated disclosure schedules required by the draft agreements.

Based on the status of the negotiations of the proposed transaction, Mr. Klein convened meetings of the Special Committee and the Perini board of directors to take place on March 27, 2008 in New York City to formally consider the terms of the proposed transaction. However, before those meetings commenced, Messrs. Tutor and Klein met and decided that the transaction structure should be altered to be simpler and to avoid raising complications under applicable securities laws that might delay completion of the transaction or have certain short-term negative securities law effects on Perini. Specifically, they agreed that, rather than creating a new holding company that would own both Perini and Tutor-Saliba, Tutor-Saliba would merge with and into a new wholly owned subsidiary of Perini and Perini (rather than a holding company) would continue as the surviving, publicly traded parent corporation in the transaction. This change was made in light of the discussions over the preceding weeks in which Perini, Tutor-Saliba and their respective advisors sought to determine the optimum structure of the transaction that would, among other things, (i) result in the transaction qualifying as a tax-free transaction to the parties, (ii) have the greatest speed and highest likelihood of obtaining shareholder approval and satisfying the other closing conditions, and (iii) minimize any adverse effects to the combined company under the federal securities laws (which would be more significant for a holding company structure). None of the discussions regarding the structure of the transaction involved any changes to the consideration to be paid in the transaction. Mr. Klein and Mr. Tutor also discussed and tried to finalize (which they did through a series of phone calls over the ensuing days) the ownership percentages at which the voting and transfer restrictions in the Shareholders Agreement would lapse and the amount of shares that the Tutor Group would be entitled to vote in its discretion until such time under the voting restrictions.

Later on March 27, 2008, the Special Committee held a meeting in New York City, together with its financial and legal advisors. Mr. Klein and representatives of Kirkland & Ellis reported to the other members of Perini board of directors on the recent developments regarding the transaction structure and other negotiations regarding the transaction terms. In light of the revisions to the draft agreements required to implement the decision to revise the proposed transaction's structure, the Special Committee determined to delay formal consideration of the transaction.

At the conclusion of the meeting of the Special Committee, the Perini board of directors held a meeting in New York City, together with its financial and legal advisors. (Mr. Tutor did not participate in this meeting.) At the meeting, Mr. Klein and representatives of Kirkland & Ellis reported to the other members of the Special Committee on the recent developments regarding the transaction structure and other negotiations regarding the transaction terms. Mr. Klein indicated that he expected that the Special Committee would make a formal recommendation to the board of directors during the following week.

During the next several days, the negotiation of the transaction agreements (including refining and incorporating the revised transaction structure) and due diligence and financial analyses of the transaction continued among the representatives of Tutor-Saliba, the Special Committee and their respective advisors.

On the morning of April 2, 2008, Mr. Tutor and Mr. Klein met to finalize the negotiation of the remaining unresolved items in the transaction agreements, including the calculation of the precise number of shares to be issued in the merger, the terms on which Tutor-Saliba would be permitted to make the previously contemplated pre-closing dividends, the terms on which the transfer restrictions in the shareholders agreement would continue after five years and various terms of the employment agreement.

Later that day, the Special Committee held a meeting in New York City, together with its financial and legal advisors. Prior to the meeting, drafts of the Merger Agreement, Shareholders Agreement and Employment Agreement were circulated to the Special Committee members. At the meeting, Mr. Klein and representatives of



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Kirkland & Ellis reported to the other members of the Special Committee on the most recent developments regarding the transaction structure and other negotiations, reviewed the terms of the agreements and summarized the final terms of the proposed transaction. The representatives of Kirkland & Ellis again reviewed with the Special Committee its fiduciary duties in connection with its consideration of the transaction and reviewed with the Special Committee the results of its due diligence review of Tutor-Saliba. The representatives of UBS presented to the Special Committee UBS financial analyses of Tutor-Saliba, Perini and the proposed transaction and UBS delivered its oral opinion to the Special Committee, subsequently confirmed by delivery of UBS written opinion, dated April 2, 2008, to the effect that, as of such date, and based upon and subject to various assumptions, matters considered and limitations described in the opinion, the exchange ratio provided for in the merger was fair, from a financial point of view, to Perini, as more fully described below under [Opinion of UBS Securities LLC](#) beginning on page 59.

During a recess in the meeting of the Special Committee, the Compensation Committee of Perini's board of directors met to consider the terms of the Employment Agreement that had been negotiated with Mr. Tutor. Messrs. Arkley, Brittain and Kennedy also participated in the discussion, at the invitation of the Compensation Committee. After this discussion, the Compensation Committee directed Mr. Oneglia, the Chairman of the Compensation Committee, to discuss with Mr. Tutor certain changes to the Employment Agreement that members of the Committee thought would be desirable. Mr. Oneglia then met with Mr. Tutor but was unable to obtain Mr. Tutor's assent to the requested changes. The Compensation Committee then re-convened, and after further discussion of the terms of the Employment Agreement and the value to the combined company of having Mr. Tutor committed for the next five years, unanimously approved the Employment Agreement.

The Special Committee then reconvened and unanimously determined that the Merger Agreement and the transactions contemplated thereby, including the merger, the issuance of shares of Perini common stock in the merger and the amendment of the Perini amended and restated articles of organization, are advisable, fair to and in the best interests of Perini and Perini shareholders and recommended that the Perini board of directors approve the Merger Agreement and the transactions contemplated thereby. The factors considered by the Special Committee in making this determination and recommendation are more fully described below under [Reasons for the Merger](#) Special Committee beginning on page 47.

At the conclusion of the meeting of the Special Committee, the Perini board of directors held a meeting in New York City, together with representatives of UBS and Kirkland & Ellis and the outside legal counsel of the Perini board of directors. At the meeting, Mr. Klein informed the Perini board of directors of the determinations and recommendations of the Special Committee with respect to the proposed transaction, reviewing all its material terms. The representatives of UBS presented to the Perini board of directors UBS financial analyses of Tutor-Saliba, Perini and the proposed transaction and informed the board of directors that UBS had rendered an opinion to the Special Committee to the effect that, as of April 2, 2008, and based upon and subject to various assumptions, matters considered and limitations described in the opinion, the exchange ratio provided for in the merger was fair, from a financial point of view, to Perini. The representatives of Kirkland & Ellis separately summarized the final terms of the transaction and the transaction agreements and reviewed with the directors their fiduciary duties in connection with their consideration of the transaction. Following deliberations, the board of directors unanimously (excluding Mr. Tutor, who did not participate in the meeting) determined that the Merger Agreement and the transactions contemplated thereby, including the merger, the issuance of shares of Perini common stock in the merger and the amendment of the Perini amended and restated articles of organization, are advisable, fair to and in the best interests of Perini and Perini shareholders, approved the Merger Agreement and the transactions contemplated thereby and recommended that Perini shareholders vote for the proposal to approve the issuance of shares of Perini common stock in the merger and the proposal to approve the amendment of the Perini amended and restated articles of organization. The factors considered by the Perini board of directors in making this determination and recommendation are more fully described below under [Reasons for the Merger](#) Perini Board of Directors beginning on page 54.

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Following these meetings, the Merger Agreement, the Shareholders Agreement and the Employment Agreement were executed. Perini and Tutor-Saliba issued a joint press release announcing the merger and the execution of the agreements on the evening of April 2, 2008.

During the week of May 19, 2008, representatives of Tutor-Saliba asked representatives of the Special Committee whether they agreed that the Merger Agreement as executed did not adequately reflect Tutor-Saliba's ability to make tax distributions to its shareholders through the closing date of the merger. In response, the parties agreed that the Merger Agreement as executed did not expressly permit Tutor-Saliba shareholders to receive tax distributions intended to cover all such income taxes, as had been agreed orally. Following discussion of this issue among the parties and their respective financial and legal advisors, the parties agreed that this issue should be clarified in an amendment to the Merger Agreement to more clearly and fully reflect that understanding of the parties.

On May 26, 2008, Kirkland & Ellis delivered to Tutor-Saliba and its advisors a draft of an amendment to the Merger Agreement to make this clarification.

On May 27, 2008, the Special Committee held a meeting by teleconference, together with its financial and legal advisors. Following discussion of the amendment and an update by the Special Committee's advisors on the discussions regarding the amendment, the Special Committee determined that the proposed amendment to the Merger Agreement and the transactions contemplated thereby properly reflected the original business understandings and intentions of the parties with respect to tax distributions by Tutor-Saliba to its shareholders and were advisable, fair to and in the best interests of Perini and Perini shareholders and recommended that the Perini board of directors approve the amendment to the Merger Agreement. At the conclusion of the meeting of the Special Committee, the Perini board of directors held a meeting by teleconference, together with the Special Committee's legal advisors. At the meeting, Mr. Klein, Chairman of the Special Committee, informed the Perini board of directors of the determinations and recommendations of the Special Committee (and the discussions between the Special Committee and its advisors) with respect to the proposed amendment to the Merger Agreement. Following discussion of the amendment, the Perini board of directors (excluding Mr. Tutor, who did not participate in the meeting) determined that the proposed amendment to the Merger Agreement and the transactions contemplated thereby were advisable, fair to and in the best interests of Perini and Perini shareholders and approved the amendment and the transactions contemplated thereby.

The amendment to the Merger Agreement was executed on May 28, 2008.

## **Recommendation of the Perini Board of Directors**

The Perini board of directors unanimously (excluding Mr. Tutor, who did not participate in the meeting) determined that the Merger Agreement and the transactions contemplated thereby, including the merger, the issuance of shares of Perini common stock in the merger and the amendment of the Perini amended and restated articles of organization, are advisable, fair to and in the best interests of Perini and Perini shareholders and approved the Merger Agreement and the transaction contemplated thereby. ***THE PERINI BOARD OF DIRECTORS RECOMMENDS THAT PERINI SHAREHOLDERS VOTE FOR THE SHARE ISSUANCE PROPOSAL AND THE ARTICLES AMENDMENT PROPOSAL.***

## **Reasons for the Merger**

### **Special Committee**

The Special Committee, with the advice and assistance of its independent legal and financial advisors, evaluated and negotiated the terms of the merger on behalf of Perini, including the terms and conditions of the Merger Agreement and the other related agreements, over the course of almost four months of deliberations. On April 2, 2008, the Special Committee unanimously determined that the Merger Agreement and the transactions contemplated thereby, including the merger, the issuance of shares of Perini common stock in the merger and the

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amendment of the Perini amended and restated articles of organization, are advisable, fair to and in the best interests of Perini and the Perini shareholders and recommended that the Perini board of directors approve the Merger Agreement and the transactions contemplated thereby.

In reaching its decision to recommend that the Perini board of directors approve the Merger Agreement and the transactions contemplated thereby, the Special Committee consulted with Perini management, other members of the Perini board of directors (excluding Mr. Tutor) and the Special Committee's independent advisors in connection with the merger, including UBS, the Special Committee's financial advisor, and Kirkland & Ellis LLP, the Special Committee's outside legal counsel, and considered various material factors described below. Among the material information and factors considered by the Special Committee were the following:

*Strategic Considerations.* The Special Committee considered a number of factors pertaining to the strategic rationale for the merger, including the following:

*Increased Size and Scale and Management Capabilities; Potential Impact on Margins.* The combined company will have enhanced size and scale, including a pro forma backlog at the end of 2007 in excess of \$9 billion and over \$40 billion of targeted projects. In addition, the Special Committee considered the faster rate of projected growth of Tutor-Saliba, as compared to other comparable companies in the construction industry (including Perini on a stand-alone basis), and considered the likelihood that such projected growth would be achievable. The combination also is expected to enhance Perini's growth prospects significantly by adding substantial management capacity, client relationships and other capabilities to Perini, such as increased ability to perform its own subcontracting work through Tutor-Saliba's plumbing and mechanical and electrical subcontracting subsidiaries, and cost efficiencies. The larger size and scale of the combined company also should result in enhanced opportunities for growth, improved gross margins and greater operational flexibility because of additional access to markets, greater depth of resources of the combined company (including enhanced project management and estimating capabilities and a larger equipment fleet), enhanced focus on project process and execution and stronger experience in change management. The Special Committee also noted that larger publicly traded engineering and construction companies generally trade at higher multiples to actual and forecasted EBITDA than smaller publicly traded engineering and construction companies.

*Complementary Geographic Scope of Businesses.* Perini has focused its civil business segment on the Northeast and Southeast of the United States and the Middle East. Tutor-Saliba's civil business segment has focused more of its business on the West Coast and Southwest of the United States, the island of Guam and the Philippines. Both companies have commercial operations in the West, particularly in California and Nevada. Accordingly, the Special Committee determined that the merger will allow Perini to increase the diversification of its civil business through multiple geographic regions, which is expected to permit the combined company to compete for a larger number of projects, increase Perini's profile and local experience in public works projects in geographic regions that it has not historically served, decrease the costs of performing public works projects in regions not historically served by Perini and decrease Perini's exposure to regional economic downturns. Based on expectations for future public works and infrastructure spending, the Special Committee determined that the geographic areas in which Tutor-Saliba has more of a historical focus than Perini would likely be key growth markets for the combined company.

*Complementary Assets and Areas of Expertise; Expanding and Improving Civil Operations.* The merger will combine companies with complementary assets and areas of expertise, particularly Perini's larger building operations and Tutor-Saliba's expertise in civil projects. The combined company is expected to be able to draw upon the intellectual capital, technical expertise and experience of a deeper and more diverse workforce. In particular, the merger is expected to improve the performance and scope of Perini's civil segment once Tutor-Saliba's highly successful civil construction business can be integrated with Perini's civil segment. Tutor-Saliba's civil construction business has historically achieved substantially higher margins on its projects

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than similar Perini civil projects. Over a five year period Tutor-Saliba has averaged 15% gross margins on its civil projects. With the integration of these businesses, sharing of management experience and best practices and expansion of capabilities, the parties expect to improve the operation and performance of both businesses, and Perini's civil businesses in particular.

*Increased Ability to Leverage Combined Surety Capacity; Operational Flexibility from Strong Combined Balance Sheet.* The combined company is expected to have an increased ability to obtain surety bonding, which will permit the combined company to compete for and perform a wider range of civil projects than Perini has historically. The combined company will be able to use the stronger balance sheet of the combined company (in particular as compared to the historical strength of Tutor-Saliba's balance sheet) to facilitate obtaining greater surety capacity, which will support larger civil projects in which Tutor-Saliba has significant experience but which Tutor-Saliba might otherwise be limited in pursuing given its independent surety capacity. In addition, the Special Committee noted that the all-stock nature of the transaction would permit Perini to retain the cash on its balance sheet without using it for acquisition consideration. (In evaluating these matters, the Special Committee took into account that under the terms of the Merger Agreement Tutor-Saliba would be permitted to dividend a portion of its available cash balances to its shareholders prior to completion of the merger, so that the merger would not materially add to the combined company's cash balances upon closing.)

*Consolidation of Mr. Tutor's Management Activities.* As discussed below, the merger will consolidate Mr. Tutor's management activities on the growth and development of the combined company, and eliminate any conflicts of interest that existed as a result of his role as an executive of two companies with responsibilities to each company.

*Expected Ability to Integrate Operations.* Perini is very familiar with the operations of Tutor-Saliba, as Mr. Tutor is an executive of both companies and the companies have collaborated on numerous joint ventures for many years. In addition, both Perini and Tutor-Saliba have each completed recent acquisitions of businesses and have a strong record of accomplishment of successfully integrating companies in various business combination transactions. The Special Committee took note of these considerations in evaluating the likelihood that the operations of the two companies could be integrated successfully and efficiently.

*Continued Role of Ronald N. Tutor; Terms of the Employment Agreement and Shareholders Agreement.* In connection with the execution of the Merger Agreement, Mr. Tutor signed an Employment Agreement with Perini, to take effect upon the closing of the merger, in which he has agreed to serve on a full-time basis as the chairman of the Perini board of directors and chief executive officer of Perini following the completion of the merger. (He has held these positions on a part-time basis to date, sharing his time between Perini and Tutor-Saliba). The Special Committee determined that Mr. Tutor's potential departure from Perini could have significant adverse effects on Perini's future success on a stand-alone basis, and that his full-time employment with Perini in connection with the completion of the merger would mitigate the risk of those adverse effects on Perini's operations being realized. In the Special Committee's opinion, Mr. Tutor's continued participation was important because of (i) his proven track-record in successfully bidding on and profitably managing large construction projects, (ii) his relationships with principals in the surety and bonding industry, which provides enhanced access to bonding and insurance for Perini's construction projects, and (iii) his success in managing large civil and private construction projects on a fixed price basis. The Employment Agreement provides for an initial term of five years. The Special Committee also insisted that a significant amount of Mr. Tutor's personal net worth, including through two trusts controlled by him, would be tied to the performance of the combined company. Subject to certain exceptions, the Shareholders Agreement requires that he retain all of the shares of Perini common stock he will receive in the merger (either personally or through the Tutor Group) for six months after the closing of the merger and that 70% of those shares be retained for at least five years after the closing of the merger. Please see "The Employment Agreement" beginning on page 89 for a detailed discussion of the terms

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and conditions of the Employment Agreement and The Shareholders Agreement beginning on page 86 for a detailed discussion of the terms and conditions of the Shareholders Agreement.

*Fixed Exchange Ratio; Basis of Negotiation of Price.* The Special Committee considered that the number of shares to be issued in the merger will not adjust to compensate for changes in the market price of Perini common stock prior to the closing of the merger. The Special Committee determined this to be particularly important in light of recent declines in the trading price of Perini common stock at the time of the negotiations of the merger, as compared to historic prices, the trading history and multiples of comparable companies and recent negative announcements regarding the commercial construction business, particularly including some of the markets in which Perini is heavily involved (such as the hospitality and gaming industry in Las Vegas, Nevada). The Special Committee noted that the economic terms of the merger were negotiated on the basis of the implied relative values of the companies, rather than valuing the consideration to be paid in the merger to the Tutor-Saliba shareholders on the basis of the market price for Perini common stock, which the Special Committee considered to be depressed.

*Financial Considerations.* The Special Committee considered the expected financial impact of the merger on Perini, including that the merger is expected to be dilutive in 2008 (assuming completion in the third quarter of 2008) and accretive to Perini shareholders after 2008 and that the accretive nature of the transaction would be expected to result in increased earnings per share of Perini common stock. The Special Committee also considered the historic financial condition, operating results and businesses of Perini and Tutor-Saliba, including information with respect to their respective earnings histories. Please see Projected Financial Information beginning on page 55.

*Synergies.* The Special Committee considered that, although no assurance can be given that any particular level of cost savings and other synergies will be achieved, Perini and Tutor-Saliba management had identified estimated synergies of approximately \$39 million of additional pre-tax earnings in 2009 (assuming the merger is completed in the third quarter of 2008), with increasing amounts in subsequent period projected to grow to approximately \$72 million of additional pre-tax earnings in 2012, that it expected could be realized following completion of the merger, most of which would begin to be realized in calendar year 2009 (assuming the merger closes in the third quarter of 2008). These include the ability to maintain or improve the earnings from operations of Perini's civil business (which the Special Committee believed would not add to the overall profitability of Perini if Mr. Tutor ceased to be employed by Perini), benefits from the shared access to management from both companies and enhanced operating margin through increased self-performance capabilities. The Special Committee took note of the fact that the synergy amounts were estimates, that they could change and that achieving the synergies would be subject to a number of uncertainties. In addition, the Special Committee did not compare the estimated synergies related to the merger to synergies of other potential transactions because Perini was not actively considering any other potential business combination transaction.

*Financial Presentation and Opinion of UBS Securities LLC.* The Special Committee considered the financial analyses and presentation of UBS, as presented to the Special Committee on April 2, 2008, and the opinion of UBS rendered orally to the Special Committee on April 2, 2008, which was subsequently confirmed by delivery of UBS' written opinion, dated April 2, 2008, to the effect that, as of such date, and based upon and subject to various assumptions, matters considered and limitations described in the opinion, the exchange ratio provided for in the merger was fair, from a financial point of view, to Perini, as more fully described below under Opinion of UBS Securities LLC beginning on page 59.

*Post-Merger Corporate Governance; Terms of the Shareholders Agreement.* The Special Committee considered the corporate governance provisions of the Merger Agreement and the Shareholders Agreement, including that, upon completion of the merger, the Perini board of directors will continue to be comprised of a majority of independent directors selected by the Corporate Governance and Nominating Committee of the Perini board of directors (all of which are currently expected to be directors elected by Perini shareholders prior to the merger, including the new Class III director nominees) and that Mr. Tutor will continue to serve as chairman of the Perini board of directors and chief executive officer of the combined company. In addition, the Shareholders Agreement requires

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that, for at least three years following the merger (and longer if Mr. Tutor (either personally or through the Tutor Group) continues to hold at least 20% of the outstanding shares of Perini common stock), all of the shares of Perini common stock that Mr. Tutor will receive in the merger (either personally or through the Tutor Group) will be voted in favor of this slate of directors, Mr. Tutor (either personally or through the Tutor Group) will exercise voting control of no more than 20% of the outstanding shares of Perini common stock on all other matters and Mr. Tutor (personally and on behalf of trusts controlled by him) will refrain from taking certain actions that could facilitate an unsolicited acquisition of control of Perini by Mr. Tutor or his affiliates. In addition, the Shareholders Agreement includes transfer restrictions that will limit the right of Mr. Tutor to recognize a change of control premium on the sale of the shares of Perini common stock he will receive in the merger (either personally or through trusts controlled by him) without all other shareholders also receiving that premium. Collectively, these provisions are expected to ensure that all shareholders of the combined company continue to have broad representation and voting authority with respect to the combined company. Please see

Post-Merger Governance and Management beginning on page 90 and The Shareholders Agreement beginning on page 86 for further information and a detailed discussion of the terms and conditions of the Shareholders Agreement.

*Terms of the Merger Agreement.* The Special Committee reviewed and considered the terms of the Merger Agreement and considered that, in its view, the material terms of the Merger Agreement, taken as a whole, were reasonable for an arms -length acquisition transaction. In particular, the Special Committee considered the representations and warranties made by Tutor-Saliba and its shareholders in the Merger Agreement, the restrictions on the operation of the Tutor-Saliba business from the signing of the Merger Agreement until the closing of the merger and the other covenants of Tutor-Saliba and its shareholders in the Merger Agreement, the conditions to each party s obligation to complete the merger and the rights of indemnification of each party to the Merger Agreement for losses as a result of breaches of the Merger Agreement. The Special Committee also considered that the Merger Agreement permitted the Perini board of directors and the Special Committee to consider and engage in negotiations regarding unsolicited potentially superior proposals, to withdraw or otherwise change its recommendation to Perini shareholders in favor of the proposals related to the merger for any reason if the failure to take such action would be reasonably likely to result in a breach of its fiduciary obligations and to terminate the Merger Agreement to accept a superior proposal. Please see The Merger Agreement beginning on page 73 for a detailed discussion of the terms and conditions of the Merger Agreement.

*Likelihood of Completion of the Merger.* The Special Committee considered the likelihood that the merger will be completed on a timely basis, including the likelihood that the merger will receive all necessary regulatory approvals without unacceptable conditions.

*Due Diligence.* The Special Committee considered the scope of the due diligence investigation of Tutor-Saliba conducted by members of Perini management and Perini s and the Special Committee s outside advisors and evaluated the results thereof. The Special Committee also took account Perini s familiarity with the Tutor-Saliba business, including that from a history of joint ventures between the two companies.

*Strategic Alternatives.* The Special Committee considered the trends and competitive developments in the industry and the range of strategic alternatives available to Perini, including the possibility of business combinations with other participants in the industry or continuing to operate as a stand-alone entity. At the time of its consideration of the merger, Perini was not involved in discussions regarding any other business combination transaction. The Special Committee initially decided not to pursue alternative transactions with other participants in the industry until it had first explored more completely a combination with Tutor-Saliba or received a proposal for an alternative transaction on an unsolicited basis. The Special Committee reached this decision on January 16, 2008 based on several factors, which are described in Background of the Merger beginning on page 36. The Special Committee ultimately did not opt to pursue other strategic alternatives during its consideration of the merger, primarily because it determined that the merger was in the best interests of the Perini shareholders, the Merger Agreement included expected provisions that would allow the Special Committee and the Perini board of directors to pursue an alternative transaction proposal reasonably

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likely to lead to a superior proposal if one materialized (or change the recommendation of the Perini board of directors to the Perini shareholders pursuant to its fiduciary obligations), the Special Committee determined that soliciting interest in alternative transactions was not necessary or appropriate in light of the nature of the merger in which Perini shareholders would continue to hold their interests in Perini and no unsolicited offers for alternative transactions had been made known to the Special Committee during the period of consideration of the Merger Agreement.

*Impact of the Merger on Customers and Employees.* The Special Committee evaluated the expected impact of the merger on Perini's customers and employees and the benefits that would be derived from the merger by enhancing operations and by providing more opportunities for employees in a larger, more competitive company.

The Special Committee also considered potential risks associated with the merger, including the following:

*Tutor-Saliba Business Risks.* The Special Committee considered certain risks associated with Tutor-Saliba's business and operations, including the likelihood of winning future significant projects, risks associated with recent acquisitions completed by Tutor-Saliba (including uncertainty about Tutor-Saliba's ability to operate and grow the acquired businesses successfully), the fact that Tutor-Saliba has grown significantly over the last two years, the fact that a small number of customers account for a large percentage of Tutor-Saliba's revenues and Tutor-Saliba's various contingent liabilities. In particular, the Special Committee considered the faster rate of projected growth of Tutor-Saliba, as compared to other comparable companies (including Perini on a stand-alone basis), and considered the risks that such projected growth would not be achievable and, if not achieved, the adverse effects that could have on the Special Committee's expectations for the combined company's performance and the corresponding decrease in the expected equity value of shares of Perini common stock. In addition, the Special Committee considered the fact that, as a result of the merger, certain business risks related to Tutor-Saliba may have the effect of increasing the effect of existing risks related to Perini for the combined company. These include the risks posed to Perini (and the combined company) from the hospitality and gaming industry, particularly in Las Vegas, Nevada, as Tutor-Saliba is subject to similar risks based on its operations in Las Vegas, Nevada. Please see "Risk Factors" beginning on page 26 for additional information on business risks relating to Tutor-Saliba's impact on the combined business.

*Uncertainty of Projections and Judgments About Implied Relative Values.* The Special Committee took account of the fact that the projections and valuation methodologies used in assessing the relative values of Tutor-Saliba and Perini, developing estimates of potential synergies and negotiating the economic terms of the merger are inherently uncertain, as they involve estimates, judgments, assumptions and predictions about future events that may differ significantly from what actually occurs in the future. While the Special Committee took into consideration, in evaluating the projections, synergy estimates and valuations, the views of the management teams of the two companies, the advice of its outside advisors and the Special Committee members' own knowledge of and experience with the industry and the businesses, the Special Committee carefully considered and discussed the risks and uncertainties associated with all of these matters and also considered various disagreements and differences of views between different constituencies about the future prospects for each of Perini and Tutor-Saliba, both on a stand-alone basis and as part of a combined company. Ultimately, while the Special Committee made determinations about what it believed were the most reasonable and appropriate assumptions and estimates, it did so with a full understanding of the uncertainties and risks inherent in such determinations. For a further discussion of these risks, please see "Risk Factors" beginning on page 26.

*No Public Market Value for Tutor-Saliba.* Tutor-Saliba is a privately held corporation and, accordingly, there is no public equity market valuation of Tutor-Saliba. In the opinion of the Special Committee (after consideration of information provided by its financial advisor), there are not any publicly traded

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companies that are sufficiently closely comparable with Tutor-Saliba to provide a reasonably, comparative basis of valuation for Tutor-Saliba. Furthermore, any valuation of Tutor-Saliba is dependent on an estimate of the extent to which Tutor-Saliba will be able to achieve its forecasted operating results, which include high growth rates that may or may not be obtained, as well as significant anticipated growth for recently acquired businesses and for new markets (particularly in the island of Guam). While the Special Committee recommended that the Perini board of directors approve the Merger Agreement (including the consideration to be paid in the merger), the Special Committee considered these uncertainties and limitations and took into account the possibility that the public markets might reach a different conclusion in assessing the value of Tutor-Saliba or might be uncertain (or skeptical) about any value because of the informational limits and inherent uncertainties in valuing a privately owned business projecting substantial future growth. The Special Committee also considered that the actual operating results of Tutor-Saliba could be significantly different from its forecasted operating results, and accordingly the market price of Perini common stock could be particularly volatile as a result of the merger. Please see *Risk Factors* If the public markets assign lower values to the Tutor-Saliba business than the values used in negotiating the terms of the merger, the trading price of Perini common stock may decline. beginning on page 26.

*Termination Fee; Alternative Proposals.* The Special Committee considered the restrictions that the Merger Agreement imposes on actively soliciting alternative business combination transactions, the provisions of the Merger Agreement that require the reimbursement by Perini of up to \$5 million of transaction expenses of Tutor-Saliba following certain events of termination of the Merger Agreement and the provisions of the Merger Agreement that require the potential payment by Perini of a termination fee of \$30 million following a termination of the Merger Agreement and the consummation of an alternative transaction. The Special Committee understood that these provisions may have the effect of discouraging proposals for alternative business combinations for Perini until after the completion of the merger (or the earlier termination of the Merger Agreement) and may make it less likely that the transactions related to such alternative proposals would be negotiated or pursued during such period, even if they might be more favorable to the shareholders of Perini than the merger. Please see *The Merger Agreement Termination Termination Fees/Reimbursement of Expenses* beginning on page 85 for further information regarding such restrictions and fees and expenses.

*Employee Matters.* The Special Committee considered the impact that business uncertainty pending completion of the merger could have on the ability to attract, retain and motivate key personnel until the merger is completed.

*Additional Interests of Executive Officers and Directors.* The Special Committee considered that certain executive officers and directors of Perini (in particular, Mr. Tutor) have or may have interests with respect to the merger in addition to their interests as shareholders of Perini. Please see *Additional Interests of Directors, Executive Officers and Certain Beneficial Owners* beginning on page 70 for further information on these additional interests.

*Restrictions on Interim Operations.* The Special Committee considered the provisions of the Merger Agreement placing restrictions on Perini's operations during the period between the signing of the Merger Agreement and the completion of the merger. Please see *The Merger Agreement Covenants Restrictions on the Parties Business Prior to the Closing* beginning on page 77 for further information on these restrictions.

*Diversion of Management.* The Special Committee considered the possible diversion of management's time and attention from Perini's ongoing business due to the substantial time and effort necessary to complete the merger and plan for and implement the integration of the operations of Perini and Tutor-Saliba.

The Special Committee believed that, overall, the potential benefits of the merger to Perini and its shareholders outweighed the risks.



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On May 27, 2008, the Special Committee determined that an amendment to the Merger Agreement to clarify the right of Tutor-Saliba to make certain tax distributions and the transactions contemplated thereby were advisable, fair to and in the best interests of Perini and Perini shareholders and recommended that the Perini board of directors approve the amendment to the Merger Agreement and the transactions contemplated thereby. In reaching its decision, the Special Committee consulted with Perini management and the Special Committee's financial and legal advisors. The Special Committee determined that (i) the proposed amendment and the transactions contemplated thereby properly reflected the original business understandings and intentions of the parties with respect to tax distributions by Tutor-Saliba to its shareholders, (ii) the revisions contemplated by the amendment, if present in the Merger Agreement as initially executed, would not have changed its decision on April 2, 2008 with respect to the Merger Agreement, and (iii) agreeing to the amendment was in the best interests of the long-term relationship of the parties.

Please see Additional Information about Factors Considered by the Special Committee and the Perini Board of Directors beginning on page 55 for further information about the considerations of the Special Committee.

**Perini Board of Directors**

On April 2, 2008, the Perini board of directors unanimously (excluding Mr. Tutor, who did not participate in the meeting) determined that the Merger Agreement and the transactions contemplated thereby, including the merger, the issuance of shares of Perini common stock in the merger and the articles amendment proposal, are advisable, fair to and in the best interests of Perini and Perini shareholders, approved the Merger Agreement and the transaction contemplated thereby and recommended that Perini shareholders vote **FOR** the share issuance proposal and the articles amendment proposal.

In reaching its decision to approve the Merger Agreement and the transactions contemplated thereby and recommend that Perini shareholders vote **FOR** the share issuance proposal and the articles amendment proposal, the Perini board of directors consulted with Perini management, the Special Committee, and the separate outside counsel to Perini, considered various material factors described below, and received presentations from Kirkland & Ellis regarding the Merger Agreement and the related transaction documents and from UBS regarding its financial analyses, and had an opportunity to ask questions of the Special Committee, its advisors and Perini management. Among the material information and factors considered by the Perini board of directors were the following:

*Negotiation by Special Committee.* The Perini board of directors considered the fact that the Merger Agreement and the transactions contemplated thereby were negotiated on behalf of Perini by the Special Committee with the assistance of its independent financial and legal advisors, and the support of Perini management. The Special Committee was comprised entirely of directors who are not officers of Perini or Tutor-Saliba or affiliated with Tutor-Saliba or Mr. Tutor and will not personally benefit from the completion of the merger in a manner different from the unaffiliated Perini shareholders.

*Recommendation of the Special Committee.* The Perini board of directors considered the unanimous determination of the Special Committee that the Merger Agreement and the transactions contemplated thereby, including the merger, the issuance of shares of Perini common stock in the merger and the amendment of the Perini amended and restated articles of organization, are advisable, fair to and in the best interests of Perini and Perini shareholders and the unanimous recommendation of the Special Committee that the Perini board of directors approve the Merger Agreement and the transactions contemplated thereby.

*Factors Considered by the Special Committee.* The Perini board of directors discussed with the Special Committee and considered the factors considered by the Special Committee in reaching its recommendation, including the positive factors and potential benefits of the merger and the risks and other potentially negative factors concerning the merger, as described above. The Perini board of directors also took note of the fact that the Special Committee received advice from its legal and

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financial advisors and considered the content of the presentations made directly to the Perini board of directors by the Special Committee's advisors.

The Perini board of directors believed that, overall, the potential benefits of the merger to Perini and its shareholders outweighed the risks.

On May 27, 2008, the Perini board of directors (excluding Mr. Tutor, who did not participate in the meeting) determined that an amendment to the Merger Agreement to clarify the right of Tutor-Saliba to make certain tax distributions and the transactions contemplated thereby were advisable, fair to and in the best interests of Perini and Perini shareholders and approved the amendment and the transactions contemplated thereby. In reaching its decision, the Perini board of directors consulted with Perini management, the Special Committee and the Special Committee's legal advisors. The Perini board of directors considered the recommendation of the Special Committee with respect to the amendment and determined that (i) the proposed amendment and the transactions contemplated thereby properly reflected the original business understandings and intentions of the parties with respect to tax distributions by Tutor-Saliba to its shareholders, (ii) the revisions contemplated by the amendment, if present in the Merger Agreement as initially executed, would not have changed its decision on April 2, 2008 with respect to the Merger Agreement, and (iii) agreeing to the amendment was in the best interests of the long-term relationship of the parties.

***THE PERINI BOARD OF DIRECTORS RECOMMENDS THAT PERINI SHAREHOLDERS VOTE FOR THE SHARE ISSUANCE PROPOSAL AND THE ARTICLES AMENDMENT PROPOSAL.***

Please see Additional Information about Factors Considered by the Special Committee and the Perini Board of Directors beginning on page 55 for further information about the considerations of the Perini board of directors.

**Additional Information about Factors Considered by the Special Committee and the Perini Board of Directors**

The foregoing discussion summarizes the material factors considered by the Special Committee and the Perini board of directors in their respective considerations of the merger, however, it is not intended to be exhaustive. In view of the wide variety of factors considered by the Special Committee and the Perini board of directors in connection with their respective evaluations of the merger, neither the Special Committee nor the Perini board of directors considered it practical to, nor did it attempt to, quantify, rank or otherwise assign relative weights to the specific factors that it considered in reaching its decisions. In considering the factors described above, individual members of the Special Committee or the Perini board of directors may have given different weight to different factors. The Special Committee and the Perini board of directors each considered this information as a whole and overall considered the information and factors to be favorable to, and in support of, its determinations and recommendations.

The Special Committee and the Perini board of directors each realized that there can be no assurance about future results, including results considered or expected as described in the factors listed above, such as assumptions regarding potential synergies. It should be noted that this explanation of the factors considered by the Special Committee and the Perini board of directors and all other information presented in this section are forward-looking in nature and, therefore, should be read in light of the factors discussed under the heading Note Regarding Forward-Looking Statements beginning on page 20.

**Projected Financial Information**

Although Perini periodically may issue limited guidance to investors concerning its expected financial performance, Perini does not as a matter of course publicly disclose detailed financial projections. However, in connection with the negotiation of the merger, Perini management provided the Special Committee and its financial advisor with certain non-public financial projections that were prepared by the Perini management for internal planning purposes and not for public disclosure. Mr. Tutor did not participate in the preparation of

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Perini's base case projections. Similarly, Tutor-Saliba management provided the Special Committee and its financial advisor with certain non-public financial projections that were prepared by the Tutor-Saliba management for internal planning purposes and not for public disclosure.

The Special Committee reviewed, challenged and independently assessed the projections of financial performance for each of Perini and Tutor-Saliba proposed by each company's management, respectively. The Special Committee refined and revised its assessment of the projections of financial performance of each company from time to time prior to the April 2, 2008 signing of the Merger Agreement, taking into account discussions with each company's management, its own views and the views of the other directors of Perini, to create a set of projections for each company and an estimate of synergies for the combined company that reflected the best currently available estimates and judgments of the Special Committee of the future financial performance of the two companies and the combined company (reflecting the estimated synergies). The projections reflecting all refinements and revisions by the Special Committee prior to the April 2, 2008 signing of the Merger Agreement are referred to as the Special Committee case projections.

The Special Committee case projections, together with other relevant information regarding the two companies and the proposed transaction, were provided to UBS prior to the delivery of UBS' opinion, and the Special Committee directed UBS to utilize the Special Committee case projections for purposes of UBS' analysis. Information regarding the material portions of the Special Committee case projections are summarized below.

The Special Committee case projections were prepared based upon a variety of estimates and assumptions. The estimates and assumptions underlying the financial projections of Perini, Tutor-Saliba and the synergies for the combined company included in the Special Committee case projections involve judgments with respect to, among other things, future economic, competitive, regulatory and financial market conditions and future business decisions, which are difficult to predict. While the financial projections summarized below were prepared in good faith by the Special Committee, no assurance can be given regarding future events, many of which are beyond Perini's control. Therefore, these financial projections may not be reliable or predictive of future operating results, and this information should not be relied on as such. Please see Risk Factors beginning on page 26 for additional information regarding the risks that the financial projections may not be achieved. At the time the merger was considered, the Special Committee and the Perini board of directors were aware of the foregoing limitations in respect of the Special Committee case projections.

The financial projections in this section were not prepared with a view toward public disclosure or with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants with respect to prospective financial information or published guidelines of the SEC regarding financial projections, but, in the view of the Special Committee, were reasonably prepared on a basis reflecting the best currently available estimates and judgments as of the date of their preparation. Neither Perini's nor Tutor-Saliba's independent auditors, nor any other independent accountants, have compiled, examined or performed any procedures with respect to these financial projections, nor have they expressed any opinion or any other form of assurance on such information's achievability, and assume no responsibility for, and disclaim any association with, these financial projections. In addition, neither Perini's nor Tutor-Saliba's respective financial advisors expressed any opinion or any other form of assurance on such information's achievability. These financial projections are not historical fact and should not be relied upon as being necessarily indicative of actual future results. In light of the foregoing, and considering that the Perini annual meeting at which the merger proposals will be considered and voted upon will be held more than eight months after the date that the underlying financial projections from each management team were provided to the Special Committee and more than five months after the date that the Special Committee last revised the Special Committee case projections, as well as the uncertainties inherent in any financial projections, Perini shareholders are cautioned not to unduly rely on these financial projections.

The inclusion of the descriptions below of the Special Committee case projections should not be interpreted as an indication that Perini considers this information necessarily reliable for predicting actual future results, and

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this information should not be relied on for that purpose. In particular, due to the passage of time since the preparation of these financial projections, the projected events for certain of the periods presented have been superceded by events that have occurred to date, and accordingly, the estimates and assumptions underlying the Special Committee case projections are outdated. These projections are not included in this document in order to induce any Perini shareholder to vote to approve the merger proposals or to impact any investment decision with respect to the Perini common stock. Please see Note Regarding Forward-Looking Statements beginning on page 20.

**PERINI DOES NOT INTEND TO UPDATE OR OTHERWISE REVISE THESE PROJECTIONS TO REFLECT CIRCUMSTANCES EXISTING SINCE THEIR PREPARATION OR TO REFLECT THE OCCURRENCE OF SUBSEQUENT EVENTS EVEN IN THE EVENT THAT ANY OR ALL OF THE UNDERLYING ASSUMPTIONS ARE NO LONGER APPROPRIATE.**

*Perini*

Set forth below is a summary of the Special Committee case projections of financial performance of Perini on a stand-alone basis:

*Summary of Perini Stand-Alone Financial Projections*

(all amounts are in millions and are approximate)

	2008	2009	2010	2011	2012
Revenue	\$ 5,485	\$ 5,378	\$ 5,523	\$ 5,747	\$ 5,980
EBITDA (1)	\$ 157	\$ 151	\$ 165	\$ 176	\$ 181
Income From Construction Operations (EBIT)	\$ 145	\$ 136	\$ 151	\$ 152	\$ 154
Operating Margin	2.6%	2.5%	2.7%	2.6%	2.6%

(1) EBITDA is defined as income from construction operations plus depreciation and amortization.

The projected financial information set forth above reflects certain assumptions, which may cause the initial financial projections to vary significantly from actual financial results. In addition to those assumptions noted above, significant assumptions underlying the Special Committee case projections of financial performance of Perini on a stand-alone basis set forth above include the following:

Mr. Tutor would not continue as the chairman of the Perini board of directors and chief executive officer of Perini if the merger were not completed, and his services would otherwise cease to be available to Perini;

Without Mr. Tutor's leadership, the financial performance of Perini's civil business segment would produce break-even profit margins during 2008 and subsequent periods;

Perini's building segment would be able to maintain levels of backlog approximately equal to existing backlog and recognize the revenue resulting from that backlog, including by being awarded new work not previously included in backlog as existing projects are performed;

given expected changes in the markets in which Perini Management Services, Inc. (referred to in this proxy statement as PMSI) has operations, the profitability of PMSI's operations would decline from that of its recent profitability, although the profitability would remain positive through subsequent periods; and

Perini would not acquire any additional businesses.



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Set forth below is a summary of the Special Committee case projections of financial performance of Tutor-Saliba on a stand-alone basis:

***Summary of Tutor-Saliba Stand-Alone Financial Projections***

(all amounts are in millions and are approximate)

	2008	2009	2010	2011	2012
Revenue	\$ 1,476	\$ 1,942	\$ 2,588	\$ 2,313	\$ 2,464
EBITDA (1)	\$ 100	\$ 162	\$ 213	\$ 207	\$ 224
Income From Operations (EBIT)	\$ 96	\$ 155	\$ 206	\$ 196	\$ 210
Operating Margin	6.5%	8.0%	8.0%	8.5%	8.5%

(1) EBITDA is defined as income from operations plus depreciation and amortization.

The projected financial information set forth above reflects certain assumptions, which may cause the initial financial projections to vary significantly from actual financial results. In addition to those assumptions noted above, significant assumptions underlying the Special Committee case projections of financial performance of Tutor-Saliba on a stand-alone basis set forth above include the following:

Tutor-Saliba's domestic building segment's revenue base would have strong growth reflecting the growth plans of Perini's clients and other participants in the Las Vegas, Nevada building market for the next several years, taking into account projects for which Tutor-Saliba was in advanced discussions, and thereafter Tutor-Saliba's domestic building segment would be able to maintain levels of backlog approximately equal to its then existing backlog and recognize the revenue resulting from that backlog, including by being awarded new work not previously included in backlog as then existing projects are performed;

Tutor-Saliba's civil business segment's revenue base would have strong near-term growth by maintaining its traditional market in what is expected to be a growing market for infrastructure spending in areas in which Tutor-Saliba has civil operations;

businesses acquired by Tutor-Saliba in 2007 and early 2008: Powerco Electric Corp., an electrical construction subcontractor, Desert Plumbing & Heating Co., Inc., a plumbing and mechanical (including HVAC) subcontractor, and the aggregates business would have increasing revenues as a result of favorable market factors and integration of their operations into Tutor-Saliba's other businesses;

revenues of Black Construction would grow steadily until 2010, when revenues would expand significantly with the award of large awards in 2010 and continuing for subsequent years, which periods correspond to the timetable for the expansion of the United States military's base on the island of Guam; and

Tutor-Saliba would not acquire any additional businesses.

*Estimated Synergies*

The Special Committee case projections included an estimate of synergies for the combined company. The Special Committee expected SG&A cost savings across both businesses of approximately \$5 million per year. In addition, the Special Committee expected most of the synergies from the merger would be in the form of incremental earnings. These items included:

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maintaining the otherwise projected return to profitability of Perini's civil business as a result of drawing upon enhanced management capabilities from the combination of both companies' management teams;

having incremental earnings resulting from increased bonding capacity of the combined company; and

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having incremental earnings from the increased ability for Perini to self-perform concrete and other services following the merger (made possible in part due to Tutor-Saliba's recent acquisition of the aggregates business).

These synergies were projected to result in approximately \$39 million of additional pre-tax earnings in 2009 (assuming the merger is completed in the third quarter of 2008), with increasing amounts in subsequent periods projected to grow to approximately \$72 million of additional pre-tax earnings in 2012.

**Opinion of UBS Securities LLC**

On April 2, 2008, at a meeting of Perini's Special Committee held to evaluate the proposed merger, UBS delivered its oral opinion to the Special Committee, which was subsequently confirmed by delivery of UBS's written opinion, dated April 2, 2008, to the effect that, as of such date, and based upon and subject to various assumptions, matters considered and limitations described in the opinion, the exchange ratio provided for in the merger was fair, from a financial point of view, to Perini. The exchange ratio in the Merger Agreement determines the number of shares of Perini common stock that would be received by the former Tutor-Saliba shareholders in the merger in exchange for each share of Tutor-Saliba common stock that is outstanding immediately prior to the effective time of the merger (other than certain excluded shares specified in the Merger Agreement).

The full text of UBS's opinion describes the assumptions made, procedures followed, matters considered and limitations on the review undertaken by UBS. This opinion is attached as *Annex E* and is incorporated by reference in this proxy statement. **UBS's opinion is directed only to the fairness, from a financial point of view, to Perini of the exchange ratio provided for in the merger. The opinion does not address the relative merits of the merger as compared to other business strategies or transactions that might be available to Perini or Perini's underlying business decision to effect the merger. The opinion does not constitute a recommendation to any shareholder as to how such shareholder should vote or act with respect to the merger. We encourage you to read UBS's opinion carefully in its entirety.** The summary of UBS's opinion presented below is qualified in its entirety by reference to the full text of the opinion.

In arriving at its opinion, UBS:

reviewed certain publicly available business and financial information relating to Perini;

reviewed certain internal financial information and other data relating to the businesses and financial prospects of Perini that were provided to UBS by Perini and not publicly available, including the financial forecasts and estimates prepared by the management of Perini and the Special Committee that the Special Committee directed UBS to utilize for purposes of UBS's analysis;

reviewed certain internal financial information and other data relating to the businesses and financial prospects of Tutor-Saliba that were provided to UBS by Perini and not publicly available, including the financial forecasts and estimates prepared by the management of Perini, the management of Tutor-Saliba and the Special Committee that the Special Committee directed UBS to utilize for purposes of UBS's analysis;

reviewed certain estimates of synergies prepared by the management of Perini, the management of Tutor-Saliba and the Special Committee, that were provided to UBS by Perini and not publicly available, that the Special Committee directed UBS to utilize for purposes of UBS's analysis;

conducted discussions with the Special Committee and members of the senior managements of Perini and Tutor-Saliba concerning the businesses and financial prospects of Perini and Tutor-Saliba;

reviewed publicly available financial and stock market data with respect to certain other companies that are generally in the industry in which Perini and Tutor-Saliba operate;



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compared the financial terms of the merger with the publicly available financial terms of other transactions involving certain other companies that are generally in the industry in which Perini and Tutor-Saliba operate;

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performed discounted cash flow analyses of Perini and Tutor-Saliba in which UBS analyzed the future cash flows of Perini and Tutor-Saliba using the financial forecasts and estimates prepared by the management of Perini, the management of Tutor-Saliba and the Special Committee that the Special Committee directed UBS to utilize for purposes of UBS' analysis;

reviewed current and historical market prices of Perini common stock;

considered certain pro forma effects of the merger on Perini's financial statements;

reviewed drafts of the Merger Agreement and the Shareholders Agreement, each dated April 2, 2008; and

conducted such other financial studies, analyses and investigations, and considered such other information, as UBS deemed necessary or appropriate.

In connection with its review, with the consent of the Special Committee, UBS assumed and relied upon, without independent verification, the accuracy and completeness in all material respects of the information provided to or reviewed by UBS for the purpose of its opinion. In addition, with the consent of the Special Committee, UBS did not make any independent evaluation or appraisal of any of the assets or liabilities (contingent or otherwise) of Perini or Tutor-Saliba, nor was UBS furnished with any such evaluation or appraisal. With respect to the financial forecasts, estimates, synergies and pro forma effects referred to above, UBS assumed, at the direction of the Special Committee, that they had been reasonably prepared on a basis reflecting the best currently available estimates and judgments of the Special Committee as to the future financial performance of Perini and Tutor-Saliba and such synergies and pro forma effects. In addition, UBS assumed, with the approval of the Special Committee, that the financial forecasts and estimates, including synergies, referred to above would be achieved at the times and in the amounts projected. UBS also assumed, with the consent of the Special Committee, that the merger would qualify for United States federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended. UBS' opinion was necessarily based on economic, monetary, market and other conditions as in effect on, and the information available to UBS as of, the date of UBS' opinion.

At the direction of the Special Committee, UBS was not asked to, nor did it, offer any opinion as to the terms, other than the exchange ratio to the extent expressly specified in UBS' opinion, of the Merger Agreement or the form of the merger. UBS did not express any opinion as to the fairness of the amount or nature of, or any other aspects relating to, any compensation to be received by any officers, directors or employees of any parties to the merger, or any class of such persons, relative to the exchange ratio. UBS did not express any opinion as to what the value of Perini common stock would be when issued pursuant to the merger or the prices at which Perini common stock would trade at any time. In rendering its opinion, UBS assumed, with the consent of the Special Committee, that (i) the final executed form of each of the Merger Agreement and the Shareholders Agreement would not differ in any material respect from the April 2, 2008 drafts referred to above, (ii) the parties to the Merger Agreement would comply with all material terms of the Merger Agreement, and (iii) the merger would be consummated in accordance with the terms of the Merger Agreement without any adverse waiver or amendment of any material term or condition thereof. UBS also assumed that all governmental, regulatory or other consents and approvals necessary for the consummation of the merger would be obtained without any material adverse effect on Perini, Tutor-Saliba or the merger. Except as described above, the Special Committee imposed no other instructions or limitations on UBS with respect to the investigations made or the procedures followed by UBS in rendering its opinion. The issuance of UBS' opinion was approved by an authorized committee of UBS.

In connection with rendering its opinion to the Special Committee, UBS performed a variety of financial and comparative analyses, which are summarized below. The following summary is not a complete description of all the analyses performed and factors considered by UBS in connection with its opinion. The preparation of a financial opinion is a complex process involving subjective judgments and is not necessarily susceptible to partial analysis or summary description. These analyses necessarily involve complex considerations and judgments concerning financial and operating characteristics and other factors that could affect the public trading or acquisition values of the companies concerned.

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UBS believes that its analyses and the summary below must be considered as a whole and that selecting portions of the analyses and factors, without considering all analyses and factors or the narrative description of the analyses, could create a misleading or incomplete view of the processes underlying UBS' analyses and opinion. UBS did not draw, in isolation, conclusions from or with regard to any one factor or method of analysis for purposes of its opinion but rather arrived at its ultimate opinion based on the results of all the analyses undertaken by it and assessed as a whole. As the Special Committee was aware, the financial and operating characteristics of Perini and Tutor-Saliba (including the business segments in which they operate) cause their financial results to have limited comparability, for valuation purposes, to those of other companies with publicly available financial and stock market data that UBS reviewed and of other transactions that UBS reviewed for which financial terms were publicly available, and, accordingly, UBS relied primarily on discounted cash flow analyses of the forecasts and estimates referred to above for purposes of UBS' opinion.

The estimates of the future performance of Perini and Tutor-Saliba referred to above that the Special Committee directed UBS to utilize for purposes of UBS' analyses are not necessarily indicative of future results or values, which may be significantly more or less favorable than those estimates. In performing its analyses, UBS considered industry performance, general business and economic conditions and other matters, many of which are beyond Perini or Tutor-Saliba's control. Estimates of the financial value of companies do not purport to be appraisals and do not necessarily reflect the prices at which companies actually may be sold.

The exchange ratio was determined through negotiation between Perini and Tutor-Saliba and the decision by Perini to enter into the merger was solely that of the Perini board of directors. UBS' opinion and financial analyses were one of many factors considered by each of the Special Committee and the Perini board of directors in their respective evaluations of the merger and should not be viewed as determinative of the views of the Special Committee or the Perini board of directors with respect to the merger or the exchange ratio.

The following is a summary of the material financial analyses performed by UBS and reviewed with the Special Committee in connection with UBS' opinion relating to the merger and presented to the Perini board of directors. **The financial analyses summarized below include information presented in tabular format. In order to understand fully UBS' financial analyses, the tables must be read together with the text of the summary. The tables alone do not constitute a complete description of the financial analyses. Considering the data below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of UBS' financial analyses.**

*Discounted Cash Flow Analyses*

UBS performed a discounted cash flow analysis of (i) each of Perini and Tutor-Saliba using financial forecasts that the Special Committee directed UBS to utilize for purposes of its analysis for 2008 to 2012 (or, in the case of Tutor-Saliba's Black Construction business for 2008 to 2017) and (ii) the estimated after-tax synergies that Perini's management and the Special Committee estimated would result from the merger.

*Perini.* UBS performed a discounted cash flow analysis to calculate the estimated present value of the projected unlevered, after-tax free cash flow of Perini on a stand-alone basis from February 1, 2008 through December 31, 2012 using financial forecasts prepared by Perini's management and the Special Committee. UBS calculated a range of terminal values for Perini by applying terminal multiples of the last 12 months (LTM) earnings before interest, taxes, depreciation and amortization, commonly referred to as EBITDA, ranging from 6.0 to 8.0 to estimated EBITDA of Perini for the twelve months ending December 31, 2012. The cash flows and terminal values with respect to the Perini financial data were then discounted to present value as of January 31, 2008 using after-tax discount rates ranging from 12.5% to 14.5% based on its estimated weighted average cost of capital. This analysis indicated an implied stand-alone range of equity values for Perini of approximately \$1,175 million to \$1,440 million and an implied stand-alone range of equity values per share of Perini common stock of approximately \$41.80 to \$51.30.

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*Tutor-Saliba.* UBS performed a discounted cash flow analysis to calculate the estimated present value of (i) the projected unlevered, after-tax free cash flow of Tutor-Saliba's United States operations from February 1, 2008 through December 31, 2012 and (ii) the projected unlevered, after-tax free cash flow of Tutor-Saliba's Black Construction business from February 1, 2008 through December 31, 2017, in each case on a stand-alone basis using financial forecasts prepared by Perini's management, Tutor-Saliba's management and the Special Committee. UBS calculated a range of terminal values for Tutor-Saliba's United States operations by applying terminal LTM EBITDA multiples ranging from 6.0 to 8.0 to estimated EBITDA of Tutor-Saliba's United States operations for the twelve months ending December 31, 2012. UBS calculated a range of terminal values for Tutor-Saliba's Black Construction business by applying perpetuity growth rates ranging from 0.0% to 4.0% for periods subsequent to calendar year 2017. The cash flows and terminal values with respect to the Tutor-Saliba financial data were then discounted to present value as of January 31, 2008 using after-tax discount rates ranging from 12.5% to 14.5% based on its estimated weighted average cost of capital. The resulting implied stand-alone range of equity values for Tutor-Saliba's United States operations were summed with the implied stand-alone range of equity values for Tutor-Saliba's Black Construction business. This analysis indicated an implied stand-alone range of equity values for Tutor-Saliba of approximately \$760 million to \$1,030 million.

*Estimated Synergies.* UBS performed a discounted cash flow analysis to calculate the estimated present value of the estimated after-tax synergies that Perini's management, Tutor-Saliba's management and the Special Committee forecasted would result from the merger. For purposes of calculating a range of terminal values for the estimated after-tax synergies, UBS assumed a 0.0% perpetuity growth rate for estimated after-tax synergies for periods subsequent to calendar year 2012, the final year of the synergy forecasts provided to UBS. The cash flows and terminal values with respect to the estimated after-tax synergies were then discounted to present value as of January 31, 2008 using after-tax discount rates ranging from 12.5% to 14.5% based on the estimated weighted average cost of capital for Perini and Tutor-Saliba. This analysis indicated an implied range of values of the estimated after-tax synergies of approximately \$280 million to \$330 million.

UBS then calculated the implied range of equity values per share of Perini pro forma for the merger, by (i) summing the implied stand-alone range of equity values for Perini, the implied stand-alone range of equity values for Tutor-Saliba and the implied range of values of the estimated after-tax synergies and (ii) dividing that sum by the total number of shares of Perini common stock pro forma for the merger, based on the exchange ratio, to derive an implied range of equity values per share of Perini common stock pro forma for the merger of approximately \$43.30 to \$54.90, which represents an implied premium of approximately 3.6% to 7.0% to the implied stand-alone range of equity values per share of Perini common stock of approximately \$41.80 to \$51.30.

*Implied DCF Equity Value Contribution.* UBS performed an analysis to compare the implied relative contributions of Perini and Tutor-Saliba to the implied range of equity values of Perini pro forma for the merger. UBS calculated the relative contributions of Perini and Tutor-Saliba as a percentage of the implied range of equity values of Perini pro forma for the merger by dividing the implied stand-alone range of equity values for each of Perini and Tutor-Saliba described above, plus the estimated after-tax synergies that Perini's management and the Special Committee estimated would result from the merger attributable to each of Perini and Tutor-Saliba, by the implied range of equity values of Perini pro forma for the merger, assuming for purposes of the first calculation below that 55% of the estimated after-tax synergies that Perini's management and the Special Committee estimated would result from the merger were attributable to Perini, and 45% of such estimated after-tax synergies were attributable to Tutor-Saliba, and alternatively assuming for purposes of the second calculation below that 100% of the estimated after-tax synergies that Perini's management and the Special Committee estimated would result from the merger were attributable to Tutor-Saliba alone. This analysis indicated the following implied relative contributions of Perini and Tutor-Saliba to the implied range of equity values of Perini pro forma for the merger, after giving effect to the estimated after-tax synergies that Perini's

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management and the Special Committee estimated would result from the merger, as compared to the approximately 45% pro forma ownership of the combined company by Tutor-Saliba shareholders, based on the exchange ratio:

	Perini		Tutor-Saliba	
Implied relative equity value contribution reference range (assuming 55% of estimated present value of synergies attributable to Perini and 45% of estimated present value of synergies attributable to Tutor-Saliba)	53%	64%	36%	47%
Implied relative equity value contribution reference range (assuming 100% of estimated present value of synergies attributable to Tutor-Saliba)	47%	57%	43%	53%
<i>Other Factors</i>				

In connection with rendering its opinion to the Special Committee, UBS also reviewed selected trading multiples of Perini on a stand-alone basis and selected trading multiples of selected publicly traded engineering and construction companies. Given the limited comparability of Perini, Tutor-Saliba and the proposed merger to other companies and transactions in the engineering and construction industry with publicly available data, UBS relied primarily on the discounted cash flow analyses summarized above for purposes of UBS' opinion and not on the information presented below regarding the selected companies and selected transactions that UBS reviewed.

*Selected Public Companies.* In connection with rendering its opinion to the Special Committee, UBS reviewed selected trading multiples of Perini on a stand-alone basis and selected trading multiples of the following 12 companies: Comfort Systems USA, Inc.; EMCOR Group, Inc.; Granite Construction Incorporated; Insituform Technologies, Inc.; Layne Christensen Company; Matrix Service Company; Michael Baker Corporation; and Sterling Construction Company, Inc. (the preceding eight companies are referred to below as the *Small Cap General & Specialty Contractors*); and Fluor Corporation; Jacobs Engineering Group Inc.; The Shaw Group Inc.; and URS Corporation (the preceding four companies are referred to below as the *Other Engineering & Construction Firms*).

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UBS reviewed, among other things, the enterprise values of the selected companies and Perini on a stand-alone basis, calculated as equity market value, plus debt at book value, preferred stock at liquidation value and minority interests at book value, less cash, as multiples of EBITDA for calendar year 2007 and estimated EBITDA for calendar years 2008 and 2009. UBS also reviewed closing stock prices of the selected companies and Perini on a stand-alone basis as a multiple of earnings per share, commonly referred to as EPS, for calendar year 2007 and estimated EPS for calendar years 2008 and 2009. Equity market value and multiples for the selected companies and Perini on a stand-alone basis were based on closing stock prices on April 1, 2008. Financial data for the selected companies were based on publicly available research analysts' estimates, public filings and other publicly available information. Estimated financial data for Perini were provided to UBS by Perini's management and the Special Committee and were obtained from the Institutional Brokers Estimate System (I/B/E/S). This analysis indicated the following implied high, mean, median and low multiples for the selected public companies and for Perini on a stand-alone basis:

	Implied Multiples for Selected Public Companies				Implied Multiples for Perini on Stand-Alone Basis	
	High	Mean	Median	Low	Special Committee Estimates	I/B/E/S Estimates
<b>Enterprise Value as Multiple of EBITDA</b>						
Small Cap General & Specialty Contractors:						
Calendar year 2007A	15.2x	8.4x	7.5x	4.8x	5.2x	5.2x
Calendar year 2008E	10.0x	6.3x	5.5x	4.8x	5.0x	4.8x
Calendar year 2009E	8.4x	5.5x	4.8x	4.5x	5.2x	4.9x
Other Engineering & Construction Firms:						
Calendar year 2007A	20.6x	16.7x	16.9x	12.4x	5.2x	5.2x
Calendar year 2008E	13.3x	10.7x	11.1x	7.3x	5.0x	4.8x
Calendar year 2009E	11.0x	8.9x	9.0x	6.5x	5.2x	4.9x
<b>Price/EPS</b>						
Small Cap General & Specialty Contractors:						
Calendar year 2008E	27.2x	14.1x	12.8x	6.4x	10.7x	10.2x
Calendar year 2009E	21.3x	13.1x	11.5x	8.4x	11.4x	10.1x
Other Engineering & Construction Firms:						
Calendar year 2008E	26.4x	20.4x	20.6x	14.2x	10.7x	10.2x
Calendar year 2009E	21.5x	16.6x	16.6x	11.8x	11.4x	10.1x

The selected public companies reviewed by UBS had limited comparability to Perini and Tutor-Saliba. The selection of the companies reviewed by UBS involved numerous complex subjective and qualitative judgments concerning financial and operating characteristics and other factors that UBS deemed appropriate. The selected public companies were chosen because they are either (i) U.S.-listed, U.S.-based construction companies or contractors that, based on their primary businesses, end markets, operations and size, as measured by revenue or market capitalization, could be considered, for purposes of analysis, generally to be in certain businesses or end markets in which Perini or Tutor-Saliba operates or (ii) larger, more diversified U.S.-listed, U.S.-based engineering and construction companies that have exposure to certain businesses, end markets and operations that, for purposes of analysis, could generally be considered to be in certain businesses or end markets in which Perini or Tutor-Saliba operates. UBS did not exclude any public company that UBS identified as meeting the above selection criteria. UBS did not identify any public company whose principal businesses, included, like Perini and Tutor-Saliba, construction services related to the hospitality and gaming industry in Las Vegas, Nevada, provided predominantly on a cost-plus basis. Given the limited comparability of Perini and Tutor-Saliba to other public companies in the engineering and construction industry, UBS did not draw any conclusions regarding the fairness from a financial point of view of the exchange ratio in the proposed merger from or with respect to the selected companies that UBS reviewed.

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*Selected Transactions.* In connection with rendering its opinion to the Special Committee, UBS reviewed selected financial information for each of the following 12 selected transactions announced between June 11, 2002 and September 25, 2007: Hochtief Aktiengesellschaft/Flatiron Construction Corp.; Balfour Beauty PLC/Centex Corporation; Tenaska, Inc./InfrastruX Group; EnergySolutions, Inc./Duratek, Inc.; Dycom Industries, Inc./Prince Telecom Inc.; Perini/Rudolph and Sletten, Inc.; Ferrovia Agroman S.A./W.W. Webber, Inc.; Layne Christensen Company/Reynolds Inc.; Worley Group Limited/Parsons E&C Corporation; Madison Dearborn Partners, LLC/Great Lakes Dredge & Dock Company; Bilfinger Berger AG/Abigroup Limited; and Koninklijke BAM Groep NV/Hollandsche Beton Groep N.V.

UBS reviewed transaction values in the selected transactions, calculated as the purchase price paid for the target company's equity, plus debt at book value, preferred stock at liquidation value and minority interests at book value, less cash, as a multiple of LTM revenue, LTM EBITDA and LTM earnings before interest and taxes, commonly referred to as EBIT, of the target company, to the extent such data were publicly available at the time of announcement of the relevant transaction. This analysis indicated the following implied high, mean, median and low multiples for the selected transactions:

	Implied Multiples for Selected Transactions			
	High	Mean	Median	Low
Purchase price as a multiple of LTM revenue	1.3x	0.6x	0.6x	0.1x
Purchase price as a multiple of LTM EBITDA	9.6x	7.5x	8.0x	3.9x
Purchase price as a multiple of LTM EBIT	24.1x	12.0x	10.7x	6.0x

The selected transactions reviewed by UBS had limited comparability to the proposed merger. The selection of transactions reviewed by UBS involved numerous complex subjective and qualitative judgments concerning financial and operating characteristics and other factors that UBS deemed appropriate. The selected transactions were chosen because they involved construction companies or contractors that were acquired in transactions with publicly available data announced in the six years prior to the date of the UBS opinion and, based on their primary businesses, end markets and operations, as measured by revenue or purchase price, could be considered, for purposes of analysis, generally to be in certain businesses or end markets in which Perini or Tutor-Saliba operates. UBS did not exclude any transaction with publicly available data that UBS identified as meeting the above selection criteria. UBS did not identify any transaction with publicly available data announced in the six years prior to the date of the UBS opinion that involved the acquisition of a company whose principal businesses included, like Perini and Tutor-Saliba, construction services related to the hospitality and gaming industry in Las Vegas, Nevada provided predominantly on a cost-plus basis. Given the limited comparability of Perini, Tutor-Saliba and the proposed merger to other companies and transactions in the engineering and construction industry with publicly available data, UBS did not draw any conclusions regarding the fairness from a financial point of view of the exchange ratio in the proposed merger from or with respect to the selected transactions that UBS reviewed.

*Miscellaneous.* Under the terms of UBS' engagement, Perini has agreed to pay UBS a fee of \$8.25 million for its services in connection with the merger, a portion of which was payable in connection with rendering its opinion and \$6.05 million of which is contingent upon consummation of the merger. In addition, Perini has agreed to reimburse UBS for its reasonable expenses, including fees, disbursements and other charges of counsel, and to indemnify UBS and related parties against liabilities, including liabilities under federal securities laws, relating to, or arising out of, its engagement. In the past, UBS and its affiliates have provided investment banking services to Perini and Tutor-Saliba unrelated to the proposed merger, for which UBS and its affiliates received compensation, including having acted as underwriter in an offering of 10,341,909 shares of Perini common stock in December 2005, including 4,240,229 shares of Perini common stock that were beneficially owned by Tutor-Saliba and Ronald N. Tutor, and as agent in September 2006 in a private placement of 400,000 shares of Perini common stock that were beneficially owned by Tutor-Saliba and Ronald N. Tutor. In addition to the fees Perini has agreed to pay UBS for its services in connection with the merger, UBS has received approximately \$4.4 million of fees for investment

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banking services provided to Perini since December 2005. UBS and its affiliates may also provide investment banking services to Perini and Tutor-Saliba in the future, for which UBS and its affiliates may receive compensation, although there are no such services currently contemplated. In the ordinary course of business, UBS and its affiliates may hold or trade, for their own accounts and the accounts of their customers, securities of Perini and, accordingly, may at any time hold a long or short position in such securities.

The Special Committee selected UBS as its financial advisor in connection with the merger because UBS is an internationally recognized investment-banking firm with substantial experience in similar transactions and in the construction industry. UBS is continually engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, leveraged buy-outs, negotiated underwritings, competitive bids, secondary distributions of listed and unlisted securities and private placements.

### **Anticipated Accounting Treatment**

The merger will be accounted for using the purchase method of accounting in accordance with accounting principles generally accepted in the United States under Statement of Financial Accounting Standards No. 141, *Business Combinations*. Perini will be the acquiring entity for financial reporting purposes. Under the purchase method of accounting, the cost of the transaction will be allocated to the tangible and intangible assets and liabilities assumed by the acquired entity based on their estimated fair values, with any excess being recognized as goodwill. Under Statement of Financial Accounting Standards No. 142, *Goodwill and Other Intangible Assets*, goodwill will not be amortized, but will be subject to an annual impairment test.

### **Material United States Federal Income Tax Consequences to Existing Perini Shareholders**

The following is a summary of material United States federal income tax considerations relating to the merger, but does not purport to be a complete analysis of all potential tax considerations. This summary is based on the provisions of the United States Internal Revenue Code of 1986, as amended, the Treasury regulations promulgated thereunder, judicial authority, published administrative positions of the United States Internal Revenue Service ( IRS ) and other applicable authorities, all as in effect on the date of this document, and all of which are subject to change, possibly on a retroactive basis. We have not sought any ruling from the IRS with respect to the statements made and the conclusions reached in the following summary and there can be no assurance that the IRS will agree with our statements and conclusions.

This summary deals only with beneficial owners of shares of common stock in Perini that hold such shares of stock as capital assets within the meaning of section 1221 of the Internal Revenue Code (generally, property held for investment). This summary does not purport to deal with all aspects of United States federal income taxation that might be relevant to particular holders in light of their personal investment circumstances or status, nor does it address tax considerations applicable to holders that may be subject to special tax rules, such as certain financial institutions, tax-exempt organizations, subchapter S corporations, partnerships or other pass-through entities for United States federal income tax purposes or investors in such entities, insurance companies, broker-dealers, dealers or traders in securities or currencies, certain former citizens or residents of the United States subject to section 877 of the Internal Revenue Code and taxpayers subject to the alternative minimum tax. This summary also does not discuss shares of Perini common stock held as part of a hedge, straddle, synthetic security or conversion transaction, or situations in which the functional currency of a holder is not the United States dollar. Moreover, the effect of any applicable federal estate or gift, state, local or non-United States tax laws is not discussed.

**The following discussion is not a substitute for careful tax planning and advice. Each holder of shares of Perini common stock should consult its own tax advisors with respect to the application of the United States federal income tax laws to its particular situation, as well as any tax consequences arising under the federal estate or gift tax laws or the laws of any state, local or non-United States taxing jurisdiction or under any applicable tax treaty.**



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At the closing of the merger, Kirkland & Ellis LLP, counsel to the Special Committee of the board of directors of Perini, will deliver to Perini its legal opinion, and Latham & Watkins LLP, counsel to Tutor-Saliba, will deliver to Tutor-Saliba its legal opinion each to the effect that, on the basis of the facts, assumptions and representations set forth in such opinion and the representations and covenants set forth in certificates obtained from officers of Perini, Trifecta Acquisition LLC and Tutor-Saliba, the merger will be treated as a tax-free reorganization within the meaning of Section 368(a) of the Internal Revenue Code. These opinions will be based on the law in effect on the date that these opinions are rendered. Any change in currently applicable law, which may or may not be retroactive, or the failure of any factual representation or assumption to be true, correct and complete in all material respects, could affect the validity of the Kirkland & Ellis LLP opinion and/or the Latham & Watkins LLP opinion. An opinion of counsel represents counsel's best legal judgment and is not binding on the Internal Revenue Service or on any court.

It is a condition to the obligations of Perini, Trifecta Acquisition and Tutor-Saliba to consummate the merger that Perini receive the opinion of Kirkland & Ellis LLP, and that Tutor-Saliba receive the opinion of Latham & Watkins LLP, both to the effect that the merger will be treated as a tax-free reorganization within the meaning of Section 368(a) of the Internal Revenue Code. In accordance with the tax opinions:

Perini shareholders will not recognize any gain or loss in the merger;

neither Perini nor Tutor-Saliba will recognize any gain or loss in the merger;

Perini will take a basis in the assets of Tutor-Saliba equal to the basis of those assets in the hands of Tutor-Saliba; and

Perini's holding period in the assets of Tutor-Saliba will include the holding period of Tutor-Saliba in those assets.

### **Amendment to Perini Articles of Organization**

The Perini board of directors has adopted, subject to shareholder approval and subject to the completion of the merger, a resolution recommending that Perini's amended and restated articles of organization be amended to increase the number of authorized shares of Perini common stock to 75 million from 40 million shares. A copy of the proposed amendment to our amended and restated articles of organization is attached as *Annex F* to this proxy statement.

The increase in the number of authorized shares of common stock is recommended by the Perini board of directors to provide sufficient common stock for issuance of common stock to the Tutor-Saliba shareholders in connection with the merger. Perini presently is authorized to issue 40 million shares of common stock. As of the record date, 27,328,927 shares of Perini common stock were issued and outstanding and approximately 736,500 shares of common stock were issuable upon exercise of stock options or upon vesting of restricted stock units. At the effective time, we will issue 22,987,293 shares of Perini common stock to the Tutor-Saliba shareholders as consideration for the merger.

The actions contemplated by Proposal 2, even if approved by our shareholders, will not occur unless we complete the merger.

Except for the issuance of Perini common stock in connection with the merger, Perini's management has no arrangements, agreements, understandings or plans at the present time to issue additional shares of common stock for any purpose.

### **Regulatory Approval**

Under the Hart-Scott-Rodino Antitrust Improvement Act of 1976, or HSR Act, and the rules and regulations promulgated thereunder, certain transactions, including the merger between Perini and Tutor-Saliba, may not be

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consummated until required information and materials have been furnished to the Department of Justice, or DOJ, and the Federal Trade Commission, or FTC, and certain waiting period requirements have expired or been terminated. On April 16, 2008, each of Perini and Tutor-Saliba filed a Pre-merger Notification and Report Form pursuant to the HSR Act with the DOJ and FTC. The statutory waiting period under the HSR Act expired on May 16, 2008. At any time before the completion of the merger, the DOJ, the FTC or others could take action under the antitrust laws with respect to the merger, including to seek to enjoin the completion of the merger, to rescind the merger or to require divestiture of certain assets of Perini or Tutor-Saliba. There can be no assurance that a challenge to the acquisition on antitrust grounds will not be made or, if such challenge is made, that it would not be successful.

## **Federal Securities Law Consequences**

In the merger, we will issue a total of approximately 22.1 million shares of Perini common stock to the two trusts controlled by Mr. Tutor and approximately 900,000 shares to the other shareholders of Tutor-Saliba. None of these shares will be registered under the Securities Act of 1933. It is intended that such shares will be issued pursuant to a private placement exemption under Section 4(2) of the Securities Act or other available exemptions, 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 that will be received will be subject to contractual restrictions under the terms of the Shareholders Agreement. These restrictions are described in detail in *The Shareholders Agreement Transfer Restrictions* beginning on page 88.

## **NYSE Listing**

It is a condition to the merger that the shares of Perini common stock to be issued in the merger be approved for listing on the NYSE, subject to official notice of issuance. Shares of Perini common stock will continue to be traded on the NYSE under the symbol *PCR* immediately following the completion of the merger.

## **Appraisal Rights**

Holders of Perini common stock do not have dissenters or appraisal rights under Massachusetts law in connection with the merger.

Holders of Tutor-Saliba common stock have waived any dissenters or appraisal rights they may have under California law in connection with the merger by the delivery of a unanimous written consent in favor of the approval of the Merger Agreement and the transactions contemplated thereby.

## **Business Relationships Between Perini and Tutor-Saliba**

### **Management Agreement**

In January 1997, we entered into a management agreement with Tutor-Saliba, and Mr. Tutor, in his capacity as chief executive officer of Tutor-Saliba, to provide certain management services. The management agreement has been renewed annually by our Compensation Committee, which consists entirely of independent directors, under the same basic terms and conditions as the initial agreement except that the amount of the fee payable thereunder by us to Tutor-Saliba has been increased. In March of 2007, the Compensation Committee voted to increase the annual payment to \$1 million.

We are entitled to terminate the management agreement at any time upon the determination by our board of directors that Mr. Tutor has not fulfilled his obligations under the agreement, or that it is inadvisable for Mr. Tutor to continue performing services for us pursuant to the agreement. We expect that the management agreement will be terminated upon the completion of the merger by mutual agreement of the parties.

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### **Joint Ventures**

Historically, we have participated in joint ventures with Tutor-Saliba and currently participate in certain joint ventures with Tutor-Saliba. Some of these joint venture projects have been managed by Tutor-Saliba and others have been managed by us. These joint ventures generated total revenues of \$96 million in 2007, of which our share contributed \$70.6 million to our consolidated revenues for the fiscal year ended December 31, 2007. The joint ventures generally act as an entity through a management committee comprised of the joint venture members, with voting proportionate to ownership interest and with one party named to manage the day-to-day operations of the joint venture.

The following are summaries of the joint ventures between Tutor-Saliba and us that are currently involved in construction activity.

*Tappan Zee Bridge Repair:* On November 4, 2005, we entered into a joint venture agreement with Tutor-Saliba for the purpose of submitting a joint bid and obtaining the contract for the repair of the Tappan Zee Bridge on the New York State Thruway. Our proportionate share of the joint venture is 70%. Tutor-Saliba holds a 30% interest in the joint venture. Pursuant to the agreement, we receive a management fee of \$15,000 per month in addition to our proportionate share in consideration for managing the joint venture. The aggregate amount payable to the joint venture under this contract is \$163.7 million. The construction contract calls for completion of the construction process by October 3, 2008.

*Brooklyn-Queens Expressway Rehabilitation:* On November 5, 2004, we entered into a joint venture agreement with Tutor-Saliba for the purpose of submitting a joint bid and obtaining the contract for the reconstruction of Interstate 278 (the Brooklyn-Queens Expressway). Our proportionate share of the joint venture is 80%. Tutor-Saliba holds a 20% interest in the joint venture. Pursuant to the agreement, we receive a management fee of \$27,500 per month in addition to our proportionate share in consideration for managing the joint venture. The aggregate amount payable to the joint venture under the contract is \$123 million. The agreement terminates on August 31, 2008, which date is the date the project is required to be completed.

*Airtran Terminal at Jamaica Station:* On August 22, 2000, we entered into a joint venture agreement with Tutor-Saliba for the purpose of submitting a joint bid and obtaining the contract for the construction of the Airtran Terminal at Jamaica Station. Our proportionate share of the joint venture is 50%. Tutor-Saliba holds a 50% interest in the joint venture. The aggregate amount payable to the joint venture under the contract is \$376 million. The construction work is completed; however, the joint venture is entitled to \$3.2 million of revenue backlog in connection with the project.

In addition to the joint ventures listed above, we entered into joint ventures with Tutor-Saliba during fiscal years 2005 and 2006 to submit bids on contracts for the construction of the Vegas 888 condominium project in Las Vegas and the Croton Water Treatment Plant at the Mosolu Golf Course in New York. Neither of these joint ventures secured a construction contract.

In fiscal years 2000 and 2001, we entered into joint venture agreements with Tutor-Saliba for the purpose of submitting joint bids and obtaining contracts to construct the UCLA Westwood Replacement Hospital and the UCLA Santa Monica/Orthopaedic Replacement Hospital, respectively. Subsequently, Tutor-Saliba purchased our interests in these two joint ventures and agreed to indemnify us from losses we might suffer as a result of participating in the bidding process. As of the date of this proxy, we have not suffered any losses or sought indemnification from Tutor-Saliba in connection with these two projects.

### **Business Relationship with Desert Plumbing**

Following Tutor-Saliba's acquisition in January 2008 of Desert Plumbing & Heating Co., Inc., a subcontractor with whom Perini has had a business relationship for several years, Perini has continued to subcontract with Desert Plumbing on the same commercial third party terms as existed prior to the acquisition.

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For additional information on Perini's business relationship with Desert Plumbing, please see "Certain Relationships and Related Party Transaction - Subcontractor" beginning of page 141.

### **Additional Interests of Directors, Executive Officers and Certain Beneficial Owners**

In considering the Perini board of directors' recommendation to approve Proposal 1 and Proposal 2 in connection with the proposed merger, our shareholders should be aware that Mr. Tutor, who is our chairman and chief executive officer, has interests that are different from, and in addition to, the interests of Perini shareholders generally. These interests present actual conflicts of interest, and these interests are described below. The Special Committee and the Perini board of directors were aware of these conflicts of interest and considered them, among other matters, in reaching their decisions, as applicable, to approve the Merger Agreement and the merger and to recommend that our shareholders vote in favor of adopting Proposal 1 and Proposal 2 in connection with the merger. These conflicts of interest were the reason why our board of directors formed the Special Committee, as discussed above in "Background of the Merger" beginning on page 36. In addition, in light of these conflicts of interest, Mr. Tutor did not participate on behalf of Perini in any of the deliberations of the Perini board of directors or in any vote by the directors on any matters relating to the proposed merger, the Merger Agreement or the related agreements. He did, however, negotiate on behalf of Tutor-Saliba and its shareholders and express his views on the prospects of both the Perini and Tutor-Saliba businesses as and when requested by the Special Committee and its advisors.

### **Beneficial Ownership of Perini Common Stock**

Mr. Tutor, through two trusts that he controls, is the beneficial owner of approximately 96% of the outstanding shares of Tutor-Saliba common stock. In the merger, these trusts will receive approximately 22.1 million shares of Perini common stock (representing approximately 96% of the shares Perini common stock issued in the merger) with a value of approximately \$845.6 million based on the closing price per share of Perini common stock of \$38.25 on April 2, 2008. As a result of the merger, Mr. Tutor, through these two trusts, will be the beneficial owner of approximately 43% of the outstanding shares of Perini common stock upon completion of the merger. These shares will be subject to the restrictions contained in the Shareholders Agreement. They also will have the benefit of the registration rights provided for in that agreement. Please see "The Shareholders Agreement" beginning on page 86 for a detailed summary of the terms of the Shareholders Agreement. A copy of the Shareholders Agreement is attached as *Annex B* to this proxy statement.

### **Pre-Closing Distribution of Property**

In connection with the completion of the merger, Tutor-Saliba has distributed or will distribute to its shareholders (and Perini will not acquire in the merger) the following assets:

all of its interest in a residence in Ketchum, Idaho, with a market value of \$3.5 million;

cash for tax payments as described below; and

additional aggregate dividends of up to \$120 million of cash and notes (of which \$10 million in cash has already been distributed), subject to limitations contained in the Merger Agreement.

Because Tutor-Saliba is a subchapter S corporation, its taxable income is attributed to the shareholders of Tutor-Saliba for federal income tax purposes meaning that its shareholders are responsible for paying the income taxes on their proportionate share of the income. The Merger Agreement permits Tutor-Saliba to make cash distributions to its shareholders that are intended to cover their income tax obligations for Tutor-Saliba's income from January 1, 2008 through the completion of the merger. The combined company will retain such income. These distributions for taxes will not take into account any taxes with respect to income or gain realized in respect of the transactions contemplated by the Merger Agreement or otherwise not in the ordinary course of Tutor-Saliba's business or any gain realized on the distribution of appreciated assets, the taxes for which will be solely the responsibility of the Tutor-Saliba shareholders. In April 2008, Tutor-Saliba distributed approximately

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\$11.6 million of cash to its shareholders in respect of their April 2008 income tax payment obligations arising from Tutor-Saliba's operations. Shortly before completion of the merger, the balance of the permissible tax distributions will be determined, and Tutor-Saliba will make additional cash distributions to its shareholders that are intended to cover their income tax obligations not covered by the April distribution. For a discussion of the reasons for the additional contemplated distribution, which will be Tutor-Saliba's final Subchapter S distributions, please see Subchapter S Dividend; Termination of Subchapter S Status beginning on page 95.

The Merger Agreement acknowledges that Perini will not acquire in the merger Tutor-Saliba's previously owned interests in a high-rise office building in San Pedro, California, commonly known as Pacific Place. Tutor-Saliba and an entity owned by Mr. Tutor completed an exchange transaction that resulted in Mr. Tutor's entity receiving a distribution of Tutor-Saliba's interests in Pacific Place and related assets and liabilities, with an aggregate net value (in excess of the assets received by Tutor-Saliba in the transaction) of \$21.3 million, as described more fully in Recent Developments and Expected 2008 Events Distribution of Commercial Real Estate; Distribution of Residential Real Estate and in Note 14 of the Audited Financial Statements of Tutor-Saliba attached as *Annex H* to this proxy statement.

The two trusts that Mr. Tutor controls have received or will receive distributions from Tutor-Saliba, with an aggregate net value to Mr. Tutor of approximately \$153.3 million. To the extent these trusts receive notes as dividends, after completion of the merger, they will be creditors of Tutor-Saliba (which will be a wholly owned subsidiary of Perini) and will be entitled to receive payments of principal and interest from Tutor-Saliba. Pursuant to the Merger Agreement, these notes will include the following terms:

interest will accrue on the principal amount of the notes at a rate of 5% per annum;

the unpaid principal balance of the notes and all accrued and unpaid interest thereupon will become due and payable in full on June 30, 2012;

the notes may be prepaid at any time; and

Tutor-Saliba will be required to prepay the notes with 100% of excess cash flow of Tutor-Saliba (as described in the note) for the preceding fiscal year (or, for the year in which the closing of the merger occurs, the partial fiscal year from the closing through the end of such fiscal year) within 90 days of the end of each fiscal year until the principal and interest of the notes has been repaid.

## **The Employment Agreement**