UNICO AMERICAN CORP
Form 10-Q
August 13, 2009

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

[X] Quarterly Report under Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended June 30, 2009 or

[ ] Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission File No. 0-3978

UNICO AMERICAN CORPORATION
(Exact Name of Registrant as Specified in Its Charter)

| | |
|---|---|
| Nevada | 95-2583928 |
| (State or Other Jurisdiction of Incorporation or Organization) | (I.R.S. Employee Identification No.) |

23251 Mulholland Drive, Woodland Hills, California 91364
(Address of Principal Executive Offices) (Zip Code)

(818) 591-9800
(Registrant's Telephone Number, Including Area Code)

No Change
(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No __

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes__ No__

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of “accelerator filer and large accelerator in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer __ Accelerated filer __

Non-accelerated filer __ Smaller reporting company X
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No X

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

| Class | Outstanding at August 13, 2009 |
|---|---|
| Common Stock, $0 Par value per share | 5,564,452 |

PART 1 - FINANCIAL INFORMATION

ITEM 1 - FINANCIAL STATEMENTS

UNICO AMERICAN CORPORATION
AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

| | June 30 2009 (Unaudited) | December 31 2008 |
|---|---|---|
| ASSETS | | |
| Investments | | |
| Available for sale: | | |
| Fixed maturities, at market value (amortized cost: June 30, 2009 $127,277,604; December 31, 2008 $135,540,354) | $132,113,773 | $142,971,980 |
| Short-term investments, at cost | 15,291,795 | 9,502,033 |
| Total Investments | 147,405,568 | 152,474,013 |
| Cash | 25,994 | 27,710 |
| Accrued investment income | 1,103,823 | 1,301,238 |
| Premiums and notes receivable, net | 5,221,401 | 4,680,779 |
| Reinsurance recoverable: | | |
| Paid losses and loss adjustment expenses | 66,288 | 114,734 |
| Unpaid losses and loss adjustment expenses | 17,968,864 | 19,815,573 |
| Deferred policy acquisition costs | 5,231,431 | 5,219,892 |
| Property and equipment (net of accumulated depreciation) | 318,098 | 359,553 |
| Deferred income taxes | 361,017 | - |
| Other assets | 966,647 | 609,484 |
| Total Assets | $178,669,131 | $184,602,976 |
| | | |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| LIABILITIES | | |
| Unpaid losses and loss adjustment expenses | $74,581,485 | $78,654,590 |
| Unearned premiums | 20,390,075 | 19,962,118 |
| Advance premium and premium deposits | 1,347,388 | 1,192,553 |
| Income taxes payable | - | 558,604 |
| Deferred income taxes | - | 795,088 |
| Accrued expenses and other liabilities | 6,469,727 | 6,481,768 |
| Total Liabilities | $102,788,675 | $107,644,721 |
| | | |
| STOCKHOLDERS' EQUITY | | |
| Common stock, no par – authorized 10,000,000 shares; issued and outstanding shares 5,564,452 at June 30, 2009, and 5,574,315 at December 31, 2008 | $3,564,302 | $3,569,099 |
| Accumulated other comprehensive income | 3,191,872 | 4,904,873 |
| Retained earnings | 69,124,282 | 68,484,283 |

| | | |
|---|---|---|
| Total Stockholders' Equity | $75,880,456 | $76,958,255 |
| Total Liabilities and Stockholders' Equity | $178,669,131 | $184,602,976 |

See notes to unaudited consolidated financial statements.

UNICO AMERICAN CORPORATION
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

| | Three Months Ended June 30 | | Six Months Ended June 30 | |
|---|---|---|---|---|
| | 2009 | 2008 | 2009 | 2008 |
| REVENUES | | | | |
| Insurance Company Revenues | | | | |
| Premium earned | $10,222,303 | $10,805,540 | $20,096,450 | $ 21,952,486 |
| Premium ceded | 2,359,124 | 2,224,544 | 4,614,112 | 4,446,724 |
| Net premium earned | 7,863,179 | 8,580,996 | 15,482,338 | 17,505,762 |
| Net investment income | 1,143,324 | 1,481,120 | 2,367,184 | 3,078,186 |
| Net realized investment gains | - | - | - | 6,306 |
| Other income | 196,228 | 207,545 | 400,538 | 322,183 |
| Total Insurance Company Revenues | 9,202,731 | 10,269,661 | 18,250,060 | 20,912,437 |
| | | | | |
| Other Revenues from Insurance Operations | | | | |
| Gross commissions and fees | 1,354,357 | 1,415,393 | 2,794,211 | 2,886,757 |
| Investment income | 1,008 | 15,629 | 1,275 | 41,077 |
| Finance charges and fees | 93,787 | 119,011 | 192,662 | 243,532 |
| Other income | 1,361 | 2,700 | 3,463 | 6,711 |
| Total Revenues | 10,653,244 | 11,822,394 | 21,241,671 | |
| Subtotal | $ 39.3 | $ 32.6 | $ 6.7 | 20.6% |
| Less: Corporate | (8.8) | (6.7) | 2.1 | 31.3% |
| Total | $ 30.5 | $ 25.9 | $ 4.6 | 17.8% |

Income from construction operations (excluding corporate) increased by $6.7 million (or 20.6%), from $32.6 million in 2002 to $39.3 million in 2003. Management services income from operations increased by $12.0 million (or 102.6%), from $11.7 million in 2002 to $23.7 million in 2003, due primarily to the increase in revenues related to the rebuilding of Iraq and Afghanistan. Despite the favorable impact of the Cummings acquisition, building construction income from operations decreased by $2.1 million (or 14.5%), from $14.5 million in 2002 to $12.4 million in 2003. Building construction income from operations was negatively impacted by a $1.0 million increase in building construction-related general and administrative expenses (exclusive of Cummings) primarily in connection with the pursuit of new work opportunities including the opening or expansion of new regional offices in Florida and California. Civil construction income from operations decreased by $3.2 million (or 50.0%), from $6.4 million in 2002 to $3.2 million in 2003, due primarily to the decrease in revenues discussed above partly offset by a higher gross profit margin in 2003 primarily because 2002 included recognition of our share of a loss on a Central Artery Big Dig joint venture project in Boston, Massachusetts. Income from construction operations was negatively impacted by a $2.1 million increase in corporate general and administrative expenses, from $6.7 million in 2002 to $8.8 million in 2003, due primarily to an aggregate increase in several items including corporate incentive compensation, outside professional fees relating to the annual audit of the Company s financial statements and to the $21.25 Preferred Shareholders Class Action Lawsuit (see Note 2(f) of Notes to Consolidated Financial Statements), and certain corporate insurance premium costs.

Other (income) expense increased by $1.9 million, from an expense of $0.5 million in 2002 to income of $1.4 million in 2003, due primarily to a $2.2 million net gain recorded from the sale of certain parcels of developed land held for sale. Based on our remaining inventory of developed land held for sale and the anticipated potential selling prices for those parcels, we believe that the net gain recorded in 2003 is of a non-recurring nature and is not indicative of expected future results.

Interest expense decreased by $0.5 million, from $1.5 million in 2002 to $1.0 million in 2003, due to a lower average borrowing level in 2003 as a result of improved cash flow from operations as well as lower interest rates.

The credit for income taxes in 2003 is due primarily to the recognition of a $14.9 million tax benefit in accordance with SFAS No. 109, Accounting for Income Taxes based on the expected utilization of NOL carryforwards. In addition, as a result of not providing federal income tax benefit applicable to losses recorded in certain prior years for financial reporting purposes, benefit from these losses was realized in 2003 and 2002 by not having to provide federal income tax of approximately $11.0 million and $8.5 million, respectively. Also, the provision for income taxes in 2002 reflects the reversal of the federal alternative minimum tax provided in 2001 which was no longer required based on the provisions of the Job Creation and Worker Assistance Act of 2002. As a result of the recognition of the $14.9 million NOL tax benefit, basic and diluted earnings per common share calculations for the year ended December 31, 2003 were favorably impacted by $0.65 and $0.63 per share, respectively.

**Reconciliation of Reported Net Income to Pro Forma Net Income**

Assuming an effective income tax rate of 38% and that we completed our tender offer for our $21.25 Preferred Stock prior to January 1, 2002, pro forma net income for the year ended December 31, 2003 would have been $19.2 million, compared to $14.8 million for the year ended December 31, 2002. Similarly, pro forma basic earnings per share for the year ended December 31, 2003 would have been $0.79, compared to $0.60 for the year ended December 31, 2002. Pro forma diluted earnings per share for the year ended December 31, 2003 would have been $0.76 compared to $0.59 for the year ended December 31, 2002. The reconciliation of reported net income to pro forma net income for the years ended December 31, 2003 and 2002 is set forth below:

| | Year Ended December 31, | |
|---|---|---|
| | 2003 | 2002 |
| | (In thousands, except per share data) | |
| Reported net income | $ 44,018 | $ 23,074 |
| Plus: Provision (credit) for income taxes | (13,096) | 801 |
| Income before income taxes | 30,922 | 23,875 |
| Provision for income taxes assuming 38% effective rate | 11,750 | 9,072 |
| Pro forma net income | 19,172 | 14,803 |
| Less: Dividends accrued on Preferred Stock assuming the tender offer took place prior to January 1, 2002 | (1,188) | (1,188) |
| Pro forma total available for common stockholders | $ 17,984 | $ 13,615 |
| Pro forma basic earnings per common share | $ 0.79 | $ 0.60 |
| Pro forma diluted earnings per common share | $ 0.76 | $ 0.59 |

**Liquidity and Capital Resources**

***Cash and Working Capital***

Cash and cash equivalents as reported in the accompanying Consolidated Statements of Cash Flows consist of amounts held by us as well as our proportionate share of amounts held by construction joint ventures. Cash held by us is available for general corporate purposes while cash held by construction joint ventures is available only for joint venture-related uses. Cash held by construction joint ventures is distributed from time to time to us and to the other joint venture participants in accordance with their percentage interest after the joint venture partners determine that a cash distribution is prudent. Cash distributions received by us from our construction joint ventures are then available for general corporate purposes. At December 31, 2004 and 2003, cash held by us and available for general corporate purposes was $81.0 million and $33.4 million, respectively, and our proportionate share of cash held by joint ventures and available only for joint venture-related uses was $55.3 million and $34.4 million, respectively.

Billing procedures in the construction industry generally are based on the specific billing terms of a contract and are often not correlated with performance. For example, billings may be based on various measures of performance, such as cubic yards excavated, architect s estimates of completion, costs incurred on cost-plus type contracts or weighted progress from a cost loaded construction time schedule. Billings are generally on a monthly basis and are reviewed and approved by the customer prior to submission. Therefore, once a bill is submitted, we are generally able to collect amounts owed to us in accordance with the payment terms of the contract. In addition, contractor s receivables usually include retentions, or amounts that are not due until contracts are completed or until specified contract conditions or guarantees are met. Retentions are governed by contract provisions and are typically a fixed percentage (for example, 5% or 10%) of each billing. We generally follow the policy of paying our vendors and subcontractors on a particular project after we receive payment from our customer.

A summary of cash flows for each of the years ended December 31, 2004, 2003 and 2002 is set forth below:

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2004 | 2003 | 2002 |
| | | (In millions) | |
| Cash flows from: | | | |
| Operating activities | $ 59.8 | $ 42.6 | $ (3.6) |
| Investing activities | (1.9) | (7.9) | (0.6) |
| Financing activities | 10.6 | (13.9) | (5.3) |
| Net increase (decrease) in cash | $ 68.5 | $ 20.8 | $ (9.5) |
| Cash at beginning of year | 67.8 | 47.0 | 56.5 |
| Cash at end of year | $ 136.3 | $ 67.8 | $ 47.0 |

During 2004, we generated $59.8 million in cash flow from operating activities and $10.6 million in cash flow from financing activities, primarily from $11.6 million received from the exercise of common stock options, to fund $1.9 million in cash flow used by investing activities, primarily to acquire construction equipment, and to increase our balance of cash on hand. As a result, our consolidated cash balance increased by $68.5 million, from $67.8 million at December 31, 2003 to $136.3 million at December 31, 2004.

During 2003, we generated $42.6 million in cash flow from operating activities and $5.0 million in net proceeds from the sale of certain remaining parcels of developed land held for sale to fund the $11.3 million required to complete our tender offer for our Depositary Shares, to reduce debt by a net amount of $3.5 million, as well as to fund a net $12.9 million used by investing activities, primarily for the acquisition of Cummings in January and to acquire construction equipment and an office building and equipment storage facility to be used by our civil construction operations. As a result, our consolidated cash balance increased by $20.8 million, from $47.0 million at December 31, 2002 to $67.8 million at December 31, 2003. As more fully discussed in Note 2(d) of Notes to Consolidated Financial Statements, in the first quarter of 2003, we received our proportionate share of provisional payments against outstanding claims on the Big Dig Project, as a result of an agreement reached in December 2002. Our share of this payment ($13.3 million) was a significant contributor to the $42.6 million in cash flow generated from operating activities in 2003.

During 2002, we used $9.5 million of cash on hand to fund operating activities ($3.6 million), investing activities ($0.6 million), and to reduce debt by a net amount of $5.3 million. The $3.6 million in cash used by operating activities was due primarily to the need to fund working capital requirements on certain joint venture construction contracts where unapproved change orders and/or contract claims remain to be resolved. (See Note 1(d) of Notes to Consolidated Financial Statements.)

Working capital increased, from $125.4 million at the end of 2003 to $178.0 million at December 31, 2004. The current ratio increased from 1.31x compared to 1.41x during the same period. Since December 31, 2002, working capital has increased by $62.1 million (or 54%) from $115.9 million to $178.0 million at December 31, 2004. As of December 31, 2004, accounts receivable amounted to $372.9 million and comprised approximately 61% of our total current assets. This compares to accounts receivable of $328.0 million, or approximately 62% of our total current assets at December 31, 2003.

We have a $50 million revolving credit facility. In August 2004, the terms of our revolving credit facility were amended to extend the term of our credit facility from June 2005 to June 2007 and to adjust certain financial covenants. The terms of our credit facility provide that we can choose from interest rate alternatives including a prime-based rate, as well as options based on LIBOR (London inter-bank offered rate).

The terms of our credit facility require us to meet certain financial covenants, including:

a minimum working capital ratio of current assets over current liabilities equal to 1.20:1;

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a minimum tangible net worth equal to $62 million plus, commencing with our fiscal quarter ended December 31, 2001, 50% of our consolidated net income for each consecutive two fiscal quarters ended on June 30 and December 31 of each year;

a minimum fixed charge coverage ratio of consolidated EBITDA over covered charges (which includes interest expense and current period dividends on our preferred stock) equal to 1.50:1 for four consecutive fiscal quarters; and

minimum operating profit levels of at least $25 million in the aggregate for four consecutive fiscal quarters through December 31, 2004 and at least $27.5 million in the aggregate for four consecutive fiscal quarters as of March 31, 2005.

The terms of our credit facility also prohibit us from incurring additional indebtedness without the consent of our lenders, other than financing for our corporate headquarters, insurance premiums and construction equipment, and impose limitations on the level of capital expenditures that we may make for a period, as well as the purchase and sale of assets outside of the normal course of business.

Our obligations under our credit facility are guaranteed by substantially all of our current and future subsidiaries, and secured by substantially all of our and our subsidiaries assets, including a pledge of all of the capital stock of our subsidiaries. At December 31, 2004, we had $47.2 million available to borrow under our credit facility and $2.8 million in outstanding letters of credit.

***Long-term Debt***

Long-term debt at December 31, 2004 was $8.6 million, a decrease of $3.5 million from December 31, 2002, despite the completion in 2003 of a tender offer for our Depositary Shares which required a cash outlay of approximately $11.3 million (including related expenses) and the acquisition of Cummings in 2003 which required a net cash outlay of approximately $8.6 million. The long-term debt to equity ratio was .05x at December 31, 2004, compared to .07x at December 31, 2003 and .14x at December 2002. Long-term debt was $8.5 million at the end of 2003, down from $12.1 million at the end of 2002.

***Contractual Obligations***

Our outstanding contractual obligations as of December 31, 2004 are summarized in the following table:

| | Payments Due by Period (In thousands) | | | | |
|---|---|---|---|---|---|
| | **Total** | **Less Than 1 Year** | **1-3 Years** | **3-5 Years** | **More Than 5 Years** |
| Total debt, excluding interest | $ 9,367 (a) | $ 759 | $ 1,028 | $ 2,021 | $ 5,559 |
| Operating leases, net | 9,867 | 3,706 | 4,256 | 1,815 | 90 |
| Purchase obligations | 730 | 730 | | | |
| Other long-term liabilities: | | | | | |
| Accrued dividends on $21.25 Preferred Stock | 10,993 | | | | 10,993(b) |
| Employee benefit related liabilities | 2,080 | 157 | 314 | 314 | 1,295 |

| | | | | | |
|---|---|---|---|---|---|
| Minimum pension liability adjustments | 29,738 | 6,000 | 12,000(c) | 11,738(c) | |
| Tutor-Saliba management agreement | 800 | 800 | | | |
| Total contractual obligations | $ 63,575 | $ 12,152 | $ 17,598 | $ 15,888 | $ 17,937 |

(a) Includes capital leases in the amount of $944.

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(b) Assumes current policy described below under Dividends $21.25 Preferred Stock does not change during the 5-year period.
(c) Assumes annual pension fund contributions equal to the contribution amount anticipated in 2005.

Management believes that cash generated from operations and existing credit lines should be adequate to meet our funding requirements for at least the next twelve months including the acquisition of Cherry Hill Construction, Inc. in January, 2005 for approximately $20.0 million in cash and the potential settlement of the class action lawsuit filed by the holders of the $21.25 Preferred Stock.

***Stockholders Equity***

Our book value per common share was $6.34 at December 31, 2004, compared to $4.65 at December 31, 2003, and $2.72 at December 31, 2002. The major factors impacting stockholders equity during the three year period were the net income recorded in all three years, the funding of our tender offer ($11.3 million) completed in June 2003, including the reversal of dividends ($7.3 million) previously accrued related to the Preferred Stock tendered, preferred stock dividends accrued, and common stock options exercised. Also, we were required to recognize an additional minimum pension liability, net of tax, of approximately $3.1 million in 2004, $4.4 million in 2003, $13.7 million in 2002 and $5.9 million in 2001 in accordance with SFAS No. 87, Employers Accounting for Pensions which resulted in an aggregate $27.1 million Accumulated Other Comprehensive Loss deduction in stockholders equity. (See Note 7 of Notes to Consolidated Financial Statements.) Adjustments to the amount of this additional minimum pension liability will be recorded in future years based upon periodic re-evaluation of the funded status of our pension plans.

***Dividends***

***Common Stock***

There were no cash dividends declared or paid on our outstanding Common Stock during the three years ended December 31, 2004.

***$21.25 Preferred Stock***

The covenants in our prior credit agreements required us to suspend the payment of quarterly dividends on our $21.25 Preferred Stock in 1995 until certain financial criteria were met. While quarterly dividends on the $21.25 Preferred Stock have not been paid since 1995, they have been fully accrued due to the cumulative feature of the $21.25 Preferred Stock. As of December 31, 2002, the aggregate amount of dividends in arrears was approximately $15.4 million, which represented approximately $154.05 per share of $21.25 Preferred Stock or approximately $15.41 per Depositary Share and was included in other long-term liabilities in the Consolidated Balance Sheets. In June 2003, we completed a tender offer for our Depositary Shares pursuant to which we purchased 440,627 Depositary Shares for $25 per share. As a result of this transaction, approximately $7.3 million of previously accrued and unpaid dividends were reversed and restored to additional paid-in capital in the Consolidated Balance Sheets. Accordingly, the aggregate amount of dividends in arrears at December 31, 2004 is approximately $11.0 million, which represents approximately $196.56 per share of $21.25 Preferred Stock or approximately $19.66 per Depositary Share and is included in other long-term liabilities in the Consolidated Balance Sheets. Under the terms of the $21.25 Preferred Stock, the holders of Depositary Shares became entitled to elect two additional Directors once dividends were deferred for more than six quarters, and they have done so at each of the last seven annual meetings of stockholders.

In November 2004, the parties reached an agreement to settle the class action lawsuit filed by the holders of the $21.25 Preferred Stock. (See Note 2(f) of Notes to Consolidated Financial Statements). Under the terms of the settlement, we would purchase all of the Depositary Shares submitted in the settlement for consideration of $19.00 per

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share in cash and one share of our common stock. As of December 31, 2004, there were 559,273 Depositary Shares outstanding. In the event that fewer than 200,000 Depositary Shares are submitted in the settlement, we may terminate the settlement agreement and the parties will revert to their previous positions in the litigation. The proposed settlement is subject to approval of the Court.

Our Board of Directors has not decided that our working capital and other conditions warrant the resumption of payment of the regular dividend or any of the dividends in arrears on the $21.25 Preferred Stock. We do not have any plans or target date for resuming the dividend, given the following circumstances:

A strong working capital position provides us with the option of performing large projects without a joint venture partner or to assume the sponsoring partner position resulting in a larger proportionate interest and a greater share of joint venture profits.

A significant amount of working capital is dedicated to the funding requirements of our construction backlog, including collection of receivables and the resolution of unapproved change orders and contract claims, and to obtaining surety bonds required by our business.

We are pursuing a strategy of expanding our construction business internally and through acquisitions, both of which will likely require additional capital. In January 2005, we completed the acquisition of Cherry Hill Construction Co., Inc. for $20 million. In January 2003, we completed the acquisition of Cummings for $20 million.

**Related Party Transactions**

We are party to an agreement with Tutor-Saliba Corporation (or Tutor-Saliba), a construction company based in California, and Ronald N. Tutor, Chief Executive Officer and sole stockholder of Tutor-Saliba, to provide certain management services. Tutor-Saliba participated in joint ventures with us before the agreement and continues to participate in joint ventures with us after the agreement. Our share of revenue from these joint ventures amounted to $37.7 million, $49.0 million and $48.8 million in 2004, 2003 and 2002, respectively. Primarily as a result of Tutor-Saliba participating in a $40 million equity infusion in March 2000, Tutor-Saliba beneficially owns approximately 21.7% of our outstanding Common Stock as of December 31, 2004. Mr. Tutor has been our Chairman and Chief Executive Officer since March 2000. For details of compensation to Mr. Tutor, arrangements with Tutor-Saliba and other information on related party transactions, see Note 12 of Notes to Consolidated Financial Statements.

**New Accounting Pronouncements**

In December 2004, the FASB issued Statement of Financial Accounting Standards No. 123R, Share-Based Payment ( SFAS No. 123R ). SFAS No. 123R is a revision of SFAS No. 123 Accounting for Stock-Based Compensation and supersedes Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees and its related implementation guidance. SFAS No. 123R focuses primarily on accounting for transactions in which an entity obtains employee services in share-based payment transactions. SFAS No. 123R requires entities to recognize stock compensation expense for awards of equity instruments to employees based on the grant date fair value of those awards (with limited exceptions). In addition, SFAS 123R requires that the excess tax benefits related to stock compensation be reported as a financing cash inflow rather than a reduction of taxes paid in cash flow from operations. SFAS No. 123R is effective for the first interim or annual reporting period that begins after June 15, 2005. We expect to adopt SFAS No. 123R using the modified prospective application method. We adopted SFAS No. 123 effective January 1, 2004. We believe that the adoption of the provisions of SFAS No. 123R will not have a material impact on our consolidated financial position or results of operations.

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**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

***Perini Corporation***
(Registrant)

Dated: March 15, 2005

By: */s/ Michael E. Ciskey*

Michael E. Ciskey
Vice President and Chief Financial Officer

***Exhibit Index***

The following designated exhibits are, as indicated below, either filed herewith or have heretofore been filed with the Securities and Exchange Commission under the Securities Act of 1933 or the Securities Act of 1934 and are referred to and incorporated herein by reference to such filings.

Exhibit 3. Articles of Incorporation and By-laws

3.1 Restated Articles of Organization (incorporated by reference to Exhibit 4 to Form S-2 (File No. 33-28401) filed on April 28, 1989).

3.2 Articles of Amendment to the Restated Articles of Organization of the Perini Corporation (incorporated by reference to Exhibit 3.2 to Form S-1 (File No. 333- 111338) filed on December 19, 2003).

3.3 Articles of Amendment to the Articles of Organization of Perini Corporation (incorporated by reference to Exhibit 3.1 to Form 8-K filed on April 12, 2000).

3.4 Amended and Restated Bylaws of Perini Corporation (incorporated by reference to Exhibit 3.2 of Form 8-K (File No. 001-06314) filed on February 14, 1997).

3.5 Amendment No. 1 to the Amended and Restated Bylaws of Perini Corporation (incorporated by reference to Exhibit 3.2 to Form 8-K filed on April 12, 2000).

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

4.1 Certificate of Vote of Directors Establishing a Series of a Class of Stock determining the relative rights and preferences of the $21.25 Convertible Exchangeable Preferred Stock (incorporated by reference to Exhibit 4(a) to the Registration Statement on Form S-2 (File No. 33-14434) filed on June 19, 1987).

4.2 Certificate of Vote of Directors Establishing a Series of a Class of Stock determining the relative rights and preferences of the Series A Junior Participating Cumulative Preferred Stock (incorporated by reference to Exhibit 4.2 to Form S-1 (File No. 333-111338) filed on December 19, 2003).

4.3 Certificate of Vote of Directors Establishing a Series of a Class of Stock determining the relative rights and preferences of the Series B Cumulative Convertible Preferred Stock (incorporated by reference to Exhibit 4.8 of Form 8-K (File No. 001-06314) filed on February 14, 1997).

4.4 Form of Deposit Agreement, including form of Depositary Receipt (incorporated by reference to Exhibit 4(b) to the Registration Statement on Form S-2 (File no. 33-14434) filed on June 19, 1987).

***Exhibit Index***

*(Continued)*

| | |
|---|---|
| 4.5 | Form of Indenture with respect to the 8 1/2% Convertible Subordinated Debentures Due June 15, 2012, including form of Debenture (incorporated by reference to Exhibit 4(c) to the Registration Statement on Form S-2 (File No. 33-14434) filed on June 19, 1987). |
| 4.6 | Shareholder Rights Agreement dated as of September 23, 1988, as amended and restated as of May 17, 1990, as amended and restated as of January 17, 1997, between Perini Corporation and State Street Bank and Trust Company, as Rights Agent (incorporated by reference to Exhibit 4.4 to Amendment No. 1 to the Registration Statement on Form 8-A/A (File No. 001-06314) filed on January 29, 1997). |
| 4.7 | Amendment dated March 29, 2000 to the Shareholder Rights Agreement (incorporated by reference to Exhibit 4.3 to Form 8-K filed on April 12, 2000). |
| 4.8 | Exchange Agreement by and between Perini Corporation and The Union Labor Life Insurance Company, acting on behalf of its Separate Account P, dated as of February 7, 2000 (incorporated by reference to Exhibit 10.1 to Form 8-K filed on April 12, 2000). |
| 4.9 | Exchange Agreement by and between Perini Corporation and PB Capital Partners, L.P., dated as of February 14, 2000 (incorporated by reference to Exhibit 10.2 to Form 8-K filed on April 12, 2000). |
| 4.10 | Exchange Agreement by and between Perini Corporation and The Common Fund for Non-Profit Organizations, dated as of February 14, 2000 (incorporated by reference to Exhibit 10.3 to Form 8-K filed on April 12, 2000). |
| 4.11 | Registration Rights Agreement by and among Perini Corporation, Tutor-Saliba Corporation, Ronald N. Tutor, O&G Industries, Inc. and National Union Fire Insurance Company of Pittsburgh, Pa., BLUM Capital Partners, L.P., PB Capital Partners, L.P., The Common Fund for Non-Profit Organizations, and the Union Labor Life Insurance Company, acting on behalf of its Separate Account P, dated as of March 29, 2000 (incorporated by reference to Exhibit 4.1 to Form 8-K filed on April 12, 2000). |
| 4.12 | Shareholders Agreement by and among Perini Corporation, Tutor-Saliba Corporation, Ronald N. Tutor, O&G Industries, Inc. and National Union Fire Insurance Company of Pittsburgh, Pa., BLUM Capital Partners, L.P., PB Capital Partners, L.P., The Common Fund for Non-Profit Organizations, and The Union Labor Life Insurance Company, acting on behalf of its Separate Account P, dated as of March 29, 2000 (incorporated by reference to Exhibit 4.2 to Form 8-K filed on April 12, 2000). |
| 4.13 | Form of Warrant to purchase an aggregate of 420,000 shares of common stock of Perini Corporation dated January 17, 1997 issued to former lenders of Perini Corporation (incorporated by reference to Exhibit 4.13 to Form S-1 (File No. 333- 111338) filed on December 19, 2003). |

***Exhibit Index***

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| | 4.14 | Letter Agreement by and among Perini Corporation, BLUM Capital Partners, L.P., PB Capital Partners, L.P. and The Common Fund for Non-Profit Organizations, dated as of December 1, 2003 (incorporated by reference to Exhibit 4.14 to Form S-1 (File No. 333-111338) filed on December 19, 2003). |
| | 4.15 | Warrantholders Rights Agreement by and among Perini Corporation and the former Lenders of Perini Corporation, dated January 17, 1997 (incorporated by reference to Exhibit 4.15 to Amendment No. 2 to Form S-1 (File No. 333-111338) filed on March 8, 2004). |
| | 4.16 | Securityholders Agreement by and among Perini Corporation, PB Capital Partners, L.P., The Union Labor Life Insurance Company Separate Account P, The Common Fund for Non-Profit Organizations, for the Account of its Equity Fund and the Initial Warrantholders (as defined therein), dated as of January 17, 1997 (incorporated by reference to Exhibit 4.16 to Amendment No. 4 to Form S-1 (File No. 333-111338) filed on April 8, 2004). |
| | 4.17 | Amendment No. 2 dated September 28, 2004 to the Shareholder Rights Agreement (incorporated by reference to Exhibit 99.1 to Form 8-K filed on September 28, 2004). |
| Exhibit 10. | Material Contracts | |
| | 10.1 | Perini Corporation Amended and Restated (2004) General Incentive Compensation Plan (incorporated by reference to Exhibit 10.1 to Amendment No. 2 to Form S-1 (File No. 333-111338) filed on March 8, 2004). |
| | 10.2 | Perini Corporation Amended and Restated (2004) Construction Business Unit Incentive Compensation Plan (incorporated by reference to Exhibit 10.2 to Amendment No. 2 to Form S-1 (File No. 333-111338) filed on March 8, 2004). |
| | 10.3 | Management Agreement dated as of January 17, 1997 by and among the Company, Ronald N. Tutor and Tutor-Saliba Corporation (incorporated by reference to Exhibit 10.16 to Perini Corporation s Annual Report on Form 10-K for the year ended December 31, 2002 filed on March 31, 2003). |
| | 10.4 | Amendment No. 1 dated as of December 23, 1998 to the Management Agreement by and among the Company, Ronald N. Tutor and Tutor-Saliba Corporation (incorporated by reference to Exhibit 10.4 to Form S-1 (File No. 333-111338) filed on December 19, 2003). |
| | 10.5 | Amendment No. 2 dated as of December 31, 1999 to the Management Agreement by and among the Company, Ronald N. Tutor and Tutor-Saliba Corporation (incorporated by reference to Exhibit 10.31 to Perini Corporation s. Quarterly Report on Form 10-Q for the period ended March 31, 2000 filed on May 9, 2000). |

***Exhibit Index***

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| 10.6 | Amendment No. 3 dated as of December 31, 2000 to the Management Agreement by and among the Company, Ronald N. Tutor and Tutor-Saliba Corporation. (incorporated by reference to Exhibit 10.6 to Form S-1 (File No. 333-111338) filed on December 19, 2003). |
| 10.7 | Amendment No. 4 dated as of December 31, 2001 to the Management Agreement by and among the Company, Ronald N. Tutor and Tutor-Saliba Corporation (incorporated by reference to Exhibit 10.36 to Perini Corporation s. Annual Report on Form 10-K for the year ended December 31, 2002 filed on March 31, 2003). |
| 10.8 | Amendment No. 5 dated as of December 31, 2002 to the Management Agreement by and among the Company, Ronald N. Tutor and Tutor-Saliba Corporation (incorporated by reference to Exhibit 10.8 to Form S-1 (File No. 333-111338) filed on December 19, 2003). |
| 10.9 | 1982 Stock Option and Long Term Performance Incentive Plan, as amended (incorporated by reference to Exhibit 10.9 to Form S-1 (File No. 333-111338) filed on December 19, 2003). |
| 10.10 | Special Equity Incentive Plan (incorporated by reference to Exhibit A to Perini Corporation s Proxy Statement for the Annual Meeting of Stockholders dated April 19, 2000). |
| 10.11 | Perini Corporation 2004 Stock Option and Incentive Plan (incorporated by reference to Exhibit D to Perini Corporation s Proxy Statement for the Annual Meeting of Stockholders dated April 20, 2004). |
| 10.12 | Promissory Note dated as of September 6, 2000 by and among Mt. Wayte Realty, LLC (a wholly-owned subsidiary of Perini Corporation) and The Manufacturers Life Insurance Company (U.S.A.) (incorporated by reference to Exhibit 10.34 to Perini Corporation s Quarterly Report on Form 10-Q for the period ended September 30, 2000 filed on November 6, 2000). |
| 10.13 | Credit Agreement dated January 23, 2002 among Perini Corporation, Fleet National Bank, as Administrative Agent, Fleet National Bank, as Arranger, and the Lenders Party Hereto (incorporated by reference to Exhibit 10.35 to Perini Corporation s Annual Report on Form 10-K for the year ended December 31, 2001 filed on March 21, 2002). |
| 10.14 | Employment Agreement dated January 23, 2003 by and among the Company, James A. Cummings, Inc. and James A. Cummings (incorporated by reference to Exhibit 10.38 to Perini Corporation s Annual Report on Form 10-K for the year ended December 31, 2002 filed on March 31, 2003). |

***Exhibit Index***

*(Continued)*

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| 10.15 | First Amendment and Waiver dated February 14, 2003 to Credit Agreement among Perini Corporation, Fleet National Bank, as Administrative Agent, and the Lenders (incorporated by reference to Exhibit 10.39 to Perini Corporation s Annual Report on Form 10-K for the year ended December 31, 2002 filed on March 31, 2003). |
| 10.16 | Second Amendment dated November 5, 2003 to Credit Agreement among Perini Corporation, Fleet National Bank, as Administrative Agent, and the Lenders (incorporated by reference to Exhibit 10.17 to Form S-1 (File No. 333-111338) filed on December 19, 2003). |
| 10.17 | Amendment No. 6 dated as of January 1, 2004 to the Management Agreement by and among the Company, Ronald N. Tutor and Tutor-Saliba Corporation (incorporated by reference to Exhibit 10.18 to Amendment No. 1 to Form S-1 (File No. 333-111338) filed on February 10, 2004). |
| 10.18 | Form of Director and Officer Indemnification Agreement (incorporated by reference to Exhibit 10.19 to Amendment No. 1 to Form S-1 (File No. 333-111338) filed on February 10, 2004). |
| 10.19 | Third Amendment dated January 31, 2004 to Credit Agreement among Perini Corporation, Fleet National Bank, as Administrative Agent, and the Lenders (incorporated by reference to Exhibit 10.20 to Amendment No. 2 to Form S-1 (File No. 333-111338) filed on March 8, 2004). |
| 10.20 | Fourth Amendment and Waiver dated August 25, 2004 to Credit Agreement among Perini Corporation, Fleet National Bank, as Administrative Agent, and the Lenders (incorporated by reference to Exhibit 10.1 to Perini Corporation s Quarterly Report on Form 10-Q for the period ended September 30, 2004 filed on November 5, 2004). |
| 10.21 | Amendment No. 7 dated as of September 15, 2004 to the Management Agreement by and among the Company, Ronald N. Tutor and Tutor-Saliba Corporation (incorporated by reference to Exhibit 10.2 to Perini Corporation s Quarterly Report on Form 10-Q for the period ended September 30, 2004 filed on November 5, 2004). |
| 10.22 | Amendment No. 8 dated as of December 15, 2004 to the Management Agreement by and among the Company, Ronald N. Tutor and Tutor-Saliba Corporation (incorporated by reference to Exhibit 10.2 to Form 8-K filed on December 16, 2004). |
| 10.23 | Retention Incentive Agreement dated as of December 15, 2004 between the Company and Ronald N. Tutor (incorporated by reference to Exhibit 10.1 to Form 8-K filed on December 16, 2004). |
| 10.24* | Form of Restricted Stock Unit Award Agreement under the Perini Corporation 2004 Stock Option and Incentive Plan. |

***Exhibit Index***

*(Continued)*

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| Exhibit 21.* | Subsidiaries of Perini Corporation. |
| Exhibit 23.* | Consent of Independent Registered Public Accounting Firm. |
| Exhibit 24.* | Power of Attorney. |
| Exhibit 31.1 | Certification of Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| Exhibit 31.2 | Certification of Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| Exhibit 32.1 | Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| Exhibit 32.2 | Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |

* Previously filed as an exhibit to the initial filing of Perini Corporation s Annual Report on Form 10-K for the year ended December 31, 2004 filed on March 4, 2005.

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