



Granite Construction and Oregon Department of Transportation Reach Agreement to Resume Work on US 20 Project in Oregon

WATSONVILLE, Calif., May 22, 2008 /PRNewswire-FirstCall via COMTEX News Network/ -- Granite Construction Incorporated (NYSE: GVA) announced today that Granite Construction Company, a wholly owned subsidiary, and the Oregon Department of Transportation ("ODOT") have reached an agreement to resume work on the US 20 Pioneer Mountain to Eddyville Design-Build project.

Granite President and Chief Executive Officer, William G. Dorey said, "After months of committed value engineering efforts, I am very pleased that Granite and ODOT have collaboratively found a solution to complete this very important project for the state of Oregon."

In July 2005, ODOT awarded the \$130 million highway realignment contract to Yaquina River Constructors ("YRC"), a joint venture led by Granite Construction Company and Wilder Construction Company (subsequently acquired by Granite in January 2008). During the course of construction, numerous and massive landslides at critical sections of the project were discovered. As a result of large additional anticipated costs and time impacts caused by these landslides, in July 2007, Granite and ODOT agreed to a temporary suspension of the project.

After several months of geotechnical exploration, redesign and negotiations, Granite and ODOT have executed a change order that ends the suspension and allows Granite to immediately resume work activities on the project. Under the terms of the change order, the original contract will remain in place with added modifications to the scope of work including landslide stabilization work, environmental monitoring and compliance modifications as well as a revised completion date of 2011.

ODOT and YRC officials estimate the new contract value to be approximately \$177 million. ODOT will hold a separate reserve fund for contingencies for items such as fuel, materials and labor inflation to be paid to YRC if necessary.

"We have a lot of very difficult work out in front of us. If we are able to perform that work efficiently and with no significant issues going forward, there is the opportunity that this project could improve financially over the next several years. However, it is too soon for us to make any adjustments in our current forecast until a significant portion of this work is behind us," said Dorey.

As part of the expanded scope of work to stabilize landslides, ODOT has been working with various regulatory agencies to update the project's environmental permits. These updates should be completed and revised permits should be issued by mid-June. Both ODOT and YRC have worked hard to protect the environment and this cooperative and intensive approach has resulted in an exemplary record of storm water management over this past very wet winter.

Scope of the new seven-mile project also includes moving more than 4 million cubic yards of earth and the construction of eight new bridges. YRC is currently mobilizing equipment and personnel to the site and anticipates employing approximately 100 to 125 workers this summer.

About Granite

Granite Construction Incorporated is a member of the S&P 400 Midcap Index, the Domini 400 Social Index and the Russell 2000. Granite Construction Company, a wholly owned subsidiary, is one of the nation's largest diversified heavy civil contractors and construction materials producers. Granite Construction Company serves public and private sector clients through its offices and subsidiaries nationwide. For the 5th straight year, Granite was named to FORTUNE'S List of 100 Best Companies to Work For. For more information about Granite, please visit their website at <http://www.graniteconstruction.com>.

Forward-Looking Statements

This press release contains forward-looking statements, within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which represents our management's beliefs and assumptions concerning future events such as statements related to the existence of bidding opportunities and economic conditions on the Company's future results. Additionally, forward-looking statements include statements that can be identified by the use of forward-looking terminology such as "believes," "expects," "appears," "may," "will," "should," "look for," "could," or "anticipates," or the negative thereof or comparable terminology, or by discussions of strategy. All such forward-looking statements are subject to risks and uncertainties that could cause actual results of operations and financial condition and other events, as well as the timing thereof, to differ materially from those expressed or implied in such forward-looking statements. Specific risk factors include, without limitation, changes in the composition of applicable federal and state legislation

appropriation committees; federal and state appropriation changes for infrastructure spending; the general state of the economy; job productivity; accuracy of project estimates; weather conditions; competition and pricing pressures; and state referendums and initiatives. You should not place undue reliance on these forward-looking statements, which speak only as of the date of this news release. You should also understand that many important factors in addition to those discussed, referred to or incorporated by reference in this press release, could cause our results to differ materially from those expressed in the forward-looking statements. In light of these risks and uncertainties, it is important to be aware that the forward-looking events discussed in this release may not occur. We undertake no obligation to revise or update publicly any forward-looking statements to conform the statement to actual results or changes in the Company's expectations.

For further information regarding risks and uncertainties associated with Granite's business, please refer to the "Management's Discussion and Analysis of Financial Condition and Results of Operation" and "Risk Factors" sections of Granite's SEC filings, including, but not limited to, its annual report on Form 10-K and quarterly reports on Form 10-Q, copies of which may be obtained by contacting Granite's investor relations department at (831) 724-1011 or at Granite's website at <http://www.graniteconstruction.com>.

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