FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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

QUARTER ENDED MARCH 31, 1997

Commission File No. 0-18350

GRANITE CONSTRUCTION INCORPORATED

State of Incorporation: Identification Delaware

I.R.S. Employer

Number: 77-0239383

Corporate Administration:

585 West Beach Street Watsonville, California 95076 (408) 724-1011

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 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 the number of shares outstanding of each of the issuer's classes of common stock, as of May 9, 1997.

Class	Outstanding
Common Stock, \$0.01 par value	18,276,066
common Stock, \$0.01 par value	10,270,000

This report on Form 10-Q, including all exhibits, contains 20 pages. The exhibit index is located on page 19 of this report.

GRANITE CONSTRUCTION INCORPORATED

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GRANITE CONSTRUCTION INCORPORATED CONDENSED CONSOLIDATED BALANCE SHEETS

(IN THOUSANDS, EXCEPT PER SHARE DATA)

	MARCH 31, 1997	December 31, 1996
	(UNAUDITED)	
ASSETS		
Current assets		
Cash and cash equivalents	\$ 8,343	\$ 38,663
Short-term investments	24,201	33,567
Accounts receivable	115,365	124,124
Costs and estimated earnings in excess of billings Inventories	26,370 14,306	29,494 13,493
Deferred income taxes	13,060	13,493
Equity in joint ventures	20,841	5,371
Other current assets	3,805	6,033
Total current assets	226,291	263,805
Property and equipment	190,789	178,515
Other assets	32,279	30,725
	\$ 449,359	\$ 473,045
LIABILITIES AND STOCKHOLDERS' EQ	UITY	
Current liabilities	4 10 105	4 10 106
Current maturities of long-term debt	\$ 10,185	
Accounts payable Billings in excess of costs and estimated earnings	58,805 41,198	64,058 45,352
Accrued expenses and other current liabilities	40,652	51,667
Accided expenses and other current frabilities		31,007
Total current liabilities	150,840	171,263
Long-term debt	43,174	43,602
Deferred income taxes	24,575	24,575
Stockholders' equity		
Preferred stock, \$0.01 par value, authorized		
3,000,000 shares, none outstanding Common stock, \$0.01 par value, authorized 27,000,000	-	-
shares; 1997- issued and outstanding 18,277,552 shares; 1996- issued 18,166,011 shares, outstanding		
18,125,653 shares	184	182
Additional paid-in capital	40,026	36,901
Retained earnings	198,616	201,663
	238,826	238,746
Unearned compensation	(8,056)	(5,141)
	230,770	233,605
		452 045
	\$ 449,359	\$ 473,045

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

GRANITE CONSTRUCTION INCORPORATED CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(UNAUDITED - IN THOUSANDS, EXCEPT PER SHARE DATA)

THREE MONTHS ENDED MARCH 31,		1997		
Revenue Cost of revenue	\$	146,821 130,971		
GROSS PROFIT		15,850		14,642
General and administrative expenses		16,643		15,485
OPERATING LOSS		(793)		(843)
Other income (expense) Interest income Interest expense Gain on sales of property		1,480 (1,433)		1,954 (941)
and equipment Other, net		620 511		413 7
		1,178		1,433
INCOME BEFORE PROVISION FOR INCOME TAXES		385		590
Provision for income taxes		142		224
NET INCOME	\$ ========	243	'	366 =====
Net income per share	\$	0.01	\$	0.02
Weighted average shares of common stock		18,184		17,966
Dividends per share	\$	0.18	\$	0.19

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

GRANITE CONSTRUCTION INCORPORATED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED- IN THOUSANDS, EXCEPT PER SHARE DATA)

THREE MONTHS ENDED MARCH 31,		1997		1996
Operating Activities				
Net income	\$	243	\$	366
Add (deduct) noncash items included in net income:				
Depreciation, depletion and amortization		9,386		8,947
Gain on sales of property and equipment		(620)		(413)
Decrease in unearned compensation Cash provided by (used in):		583		492
Accounts and notes receivable		8,328		20 700
Inventories		(813)		30,798 (2,539)
Equity in joint ventures		(15,470)		(1,857)
Other assets		2,228		594
Accounts payable		(5,253)		(15,674)
Billings in excess of costs and estimated earnings, net		(880)		(16,975)
Accrued expenses		(13,217)		(10,815)
	-			
Net cash used by operating activities		(15,485)		(7,076)
Investing Activities		(01 FF0)		(10 004)
Additions to property and equipment		(21,558) 740		(18,004)
Proceeds from sales of property and equipment Additions to notes receivable		(92)		645 (74)
Repayments of notes receivable		456		143
Additions to investments and other assets		(1,859)		(178)
Purchases of short-term investments		(3,794)		(9,382)
Maturities of short-term investments		13,160		28,042
Net cash provided (used) by investing activities	=	(12,947)		1,192
Financing Activities Repayments of long-term debt		(429)		(648)
		93		247
Employee stock options exercised Stock purchased and redistributed		(464)		(526)
Dividends paid		(1,088)		(894)
Dividends pard	-			(0)4)
Net cash used by financing activities		(1,888)		(1,821)
Decrease in cash and cash equivalents		(30,320)		(7,705)
Cash and cash equivalents at beginning of period		38,663		22,410
Cash and cash equivalents at end of period	\$	8,343		14,705
		=========	======	=======
Supplementary Information Cash paid during the period for:				
Cash interest	\$	1,435	\$	941
Income taxes	٧	32	Ψ.	265
		55		203

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

GRANITE CONSTRUCTION INCORPORATED NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(IN THOUSANDS, EXCEPT PER SHARE DATA)

1. BASIS OF PRESENTATION: The condensed consolidated financial statements included herein have been prepared by Granite Construction Incorporated (the "Company"), without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted, although the Company believes the disclosures which are made are adequate to make the information presented not misleading. Further, the condensed consolidated financial statements reflect, in the opinion of management, all normal recurring adjustments necessary to present fairly the financial position at March 31, 1997 and the results of operations and cash flows for the periods presented. The December 31, 1996 condensed consolidated balance sheet data was derived from audited financial statements, but does not include all disclosures required by generally accepted accounting principles.

Interim results are subject to significant seasonal variations and the results of operations for the three months ended March 31, 1997 are not necessarily indicative of the results to be expected for the full year.

2. SHORT-TERM INVESTMENTS:

			eld-To-Maturi March 31, 199 (Unaudited)				o-Maturity r 31, 1996	
	Carrying Value	Unrealized Gains	Unrealized Losses	Fair Value	Carrying Value	Unrealized Gains	Unrealized Losses	Fair Value
U.S. Government and Agency Obligations	\$ 4,003	\$ -	\$ -	\$ 4,003	\$ 2,993		\$ -	\$ 2,993
Commercial Paper	-	-	-	-	3,977		-	3,977
Municipal Bonds	6,006			6,006	6,011		-	6,017
2	3,494	-	-	3,494	7,420	1	-	7,421
Domestic Banker's Acceptances	2,944	-	(3)	2,941	-	-	-	-
	16,447	1	(4)	16,444	20,401	7		20,408
		Marc (Un	ble-For-Sale h 31, 1997 audited)			Available December	31, 1996	
	Carrying		Unrealized	Fair	Carrying	Unrealized		Fair
	Value	Gains	Losses	Value	Value	Gains	Losses	Value
U.S. Government and Agency								
Obligations	2,987			2,974	9,146	3	(14)	9,135
Municipal Bonds	•	14	-	3,984	4,020	23	-	4,043
Foreign Banker's Acceptances	797	-	(2)	795	-	-	-	-
	7,754	14	(15)	7,753	13,166	26	(14)	13,178
Total Short-Term Investments	\$24,201	\$ 15	\$ (19)	\$24,197	\$33,567	\$ 33	\$ (14)	\$33,586
	======	======	======	======	=======	=====	========	

GRANITE CONSTRUCTION INCORPORATED NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(IN THOUSANDS, EXCEPT PER SHARE DATA)

2. SHORT-TERM INVESTMENTS, CONTINUED:

There were no sales of investments classified as available-for-sale for the quarter ended March 31, 1997. At March 31, 1997, scheduled maturities of investments are as follows (unaudited):

	Held-To- Maturity	Available- For-Sale	Total
Within one year After one year through five years	\$16,447 -	\$6,747 1,007	\$23,194 1,007
	\$16,447	\$7,754	\$24,201

For the three months ended March 31, 1997 and 1996, purchases and maturities of short-term investments were as follows:

	Held-To- Maturity	Three Months Ended March 31, 1997 (Unaudited) Available For Sale	Total		ree Months Ende March 31, 1996 (Unaudited) Available For Sale	ed Total
Purchases Maturities	\$ 1,010 11,000	\$ 2,784 2,160	\$ 3,794 13,160	\$ 7,177 23,000	\$ 2,205 5,042	\$ 9,382 28,042
Net change	\$ (9,990) ======	\$ 624 ======	\$ (9,366)	\$ (15,823)	\$ (2,837)	\$ (18,660) ========

3. ACCOUNTS RECEIVABLE:

21	MARCH 31,	DECEMBER
31,	1997	1996
Construction contracts Completed and in progress Retentions	(UNAUDITED) \$ 57,077 43,038	\$ 59,764 47,956
Construction material sales Other	100,115 11,698 4,244	107,720 12,651 4,446
Less allowance for doubtful accounts	116,057 692	124,817 693
	\$115,365 ======	\$124,124

- 4. INVENTORIES: Inventories consist primarily of quarry products valued at the lower of average cost or market.
- 5. EQUITY IN JOINT VENTURES: The Company participates in various construction joint venture partnerships. Generally, each construction joint venture is formed to accomplish a specific project and is dissolved upon completion of the project. The combined assets, liabilities and net assets of these ventures are as follows:

	MARCH 31, 1997	December 31, 1996
	(UNAUDITED)	
Assets Total Less other venturers' interest	\$167,256 122,484	\$96,760 69,175
Company's interest	44,772	27,585
riabilities Total Less other venturers' interest	89,929 65,998	75,408 53,194
Company's interest	23,931	22,214
	\$ 20,841	\$ 5,371

6. PROPERTY AND EQUIPMENT:

	MARCH 31,	DECEMBER
31,	1997	1996
	(UNAUDITED)	
Land	\$ 15,918	\$ 15,328
Quarry property	35,650	34,408
Buildings and leasehold improvements	12,973	12,973
Equipment and vehicles	405,570	388,697
Office furniture and equipment	5,604	5,485
	475,715	456,891
Less accumulated depreciation,	284,926	278,376
depletion and amortization	204,920	2/0,3/0
	\$ 190,789	\$178,515
	=======	======

GRANITE CONSTRUCTION INCORPORATED NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(IN THOUSANDS, EXCEPT PER SHARE DATA)

7. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES:

Payroll and related employee benefits Accrued insurance Other

MARCH 31, 1997	December 31, 1996
(UNAUDITED)	
\$12,177	\$21,627
17,064	19,997
11,411	10,043
\$40,652	\$51,667
======	======

8. STOCKHOLDERS' EQUITY: Under the terms of the Company's 1990 Omnibus Stock and Incentive Plan, 165,768 shares of restricted common stock were issued and 91,212 shares vested during the three months ended March 31, 1997. Unearned compensation is amortized over the restriction periods. Compensation expense related to restricted shares was \$583 and \$492 for the three months ended March 31, 1997 and 1996, respectively. The Company purchased, during the three months ended March 31, 1997, in satisfaction of certain officer's income tax liabilities related to the maturation of restricted stock issues, 22,019 shares which were redistributed along with the balance of treasury stock as new shares of restricted common stock.

During the three months ended March 31, 1997, employee stock options for 8,150 shares at \$11.33 per share were exercised.

- 9. INCOME TAXES: The provision for income taxes is computed using the anticipated effective tax rate for the year.
- 10. NET INCOME PER SHARE: Income per share amounts are computed using the weighted average number of common and common equivalent (dilutive stock options) shares outstanding during each period. Common share equivalents are included in the weighted average number of common shares outstanding only when the effect is not antidilutive.
- 11. CONTINGENCIES: The Company is currently a party to various claims and legal proceedings, none of which is considered by management to be material to the Company's financial position.
- 12. RECLASSIFICATIONS: Certain prior year financial statement items have been reclassified to conform to the current year's presentation.
- 13. SUBSEQUENT EVENTS: On March 13, 1997, the Board of Directors declared a cash dividend of \$0.06 plus a one-time special cash dividend of \$0.12 per share of common stock to stockholders of record as of March 31, 1997 payable on April 18, 1997.

On May 1, 1997, the Company purchased 20%, or 154,276 shares of the outstanding stock of TIC Holdings, Inc. ("TIC") for \$12,096,781. The acquisition gives the Company a total 30% ownership of TIC. The transaction was financed under the Company's revolving line of credit with interest at 6.275% payable quarterly and principal payable semiannually over five years beginning December 1998. The investment will be accounted for using the equity method of accounting from the date of acquiring the additional 20% of ownership. Previously, the investment in TIC was recorded at cost.

ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following "Management's Discussion and Analysis of Financial Condition and Results of Operations" section contains forward-looking statements which are made in reliance on the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Investors are cautioned that such forward-looking statements involve risks and uncertainties, including, 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; competition and pricing pressures; state referendums and initiatives; and other risks detailed from time to time in the Company's filings with the Securities and Exchange Commission.

Results of Operations

Revenue for the quarter ended March 31, 1997 was \$146.8 million, a decrease of \$6.9 million, or 4.5%, from last year. The decrease is primarily attributable to the completion of the San Joaquin Hills Toll Road in late 1996 and unusually wet weather in Texas.

For the three months ended March 31, 1997, revenue from public sector contracts decreased \$6.8 million to \$102.8 million, or 70.0% of total revenue, from \$109.6 million, or 71.3% of total revenue in 1996. Revenue in the Company's primary geographical area, California, increased to \$84.2 million, or 57.4% of total revenue, from \$79.8 million, or 51.9% of total revenue as compared to the same period last year.

REVENUE BY MARKET SECTOR THREE MONTHS ENDED MARCH 31, (IN MILLIONS)

	1997		1996		
	\$	%	\$	%	
Public 71.3%	102.8	70.0%	109.6		
Private 18.6%	26.0	17.7%	28.6		
Materials 10.1%	18.0	12.3%	15.5		
100.0%	146.8	100.0%	153.7		
===============	:=======	======			

Backlog at March 31, 1997 was \$934.1 million, a \$309.8 million increase over March 31, 1996 and a \$336.5 million increase from December 31, 1996. Major awards for the quarter include Granite's \$303.1 million portion of the I-15 rebuild joint venture in Utah, a \$16.8 million interchange in Arizona and an \$11.0 million highway contract in Salt Lake City, Utah. The backlog at March 31, 1997 does not include three contracts awarded in April and May of 1997: a \$27.9 million light rail project in Utah, an \$18.8 million interchange in Nevada and an \$11.8 million interchange project in California.

AWARDS AND BACKLOG END OF PERIOD

(IN MILLIONS)

DI GWI OG	AWARDS
BACKLOG	
1993 	
Q1 487.3	\$ 319.6 \$
Q2 501.9 Q3	157.4 325.2
643.4 Q4 659.7	182.7
1994	
 Q1 664.7	111.8
Q2 640.1	149.0
Q3 594.9	194.9
Q4 550.2	128.2
1995	
Q1 644.4	199.5
Q2 720.6	302.9
Q3 557.2	143.1
Q4 590.1	289.2
1996 	
Q1 624.3	188.0
Q2 635.8	259.9 382.5
Q3 715.7 Q4	106.2
597.9	
1997	402.0
Q1 934.1	483.0

The public sector backlog increased to 92.6% of total backlog from 88.1% at December 31, 1996 and 84.8% at March 31, 1996 reflecting the award during the first quarter of 1997 of the joint venture for the I-15 Corridor Reconstruction Project in Salt Lake City, Utah, for which the Company booked its 23% share, or \$303.1 million. Work on this contract is expected to begin in late spring of 1997 with 25% completion for profit recognition not anticipated until the latter half of 1998.

BACKLOG BY MARKET SECTOR (IN MILLIONS)

1996	MARCH 31, 1997		DECEMBER 31,	
1990	\$	%	\$	%
Public 88.1%	864.6	92.6%	526.5	
Private 11.9%	69.5	7.4%	71.4	
100.0%	934.1	100.0%	597.9	
=======================================	=======	======		

Gross profit for the quarter ended March 31, 1997 was \$15.9 million, or 10.8% of revenue, as compared to \$14.6 million, or 9.5% of revenue, for the first quarter of 1996. Gross profit in the quarter was positively impacted by Branch Division profits on flood-related work and other new and continuing projects during the quarter, offsetting a decline in 1997 gross profit of the Heavy Construction Division resulting from the completion of the San Joaquin Hills Toll Road, which carried a higher than average gross profit margin, in late 1996.

General and administrative expenses for the three months ended March 31, 1997 were \$16.6 million, or 11.3% of revenue, an increase of \$1.2 million, or 7.5%, over the same period last year and an increase as a percent of revenue from 10.1% last year. Expenses for the first quarter of 1997 were impacted by the shifting of some operating costs to general and administrative costs as the Company has increased activity in estimating and bidding new work.

The net income for the quarter ended March 31, 1997, was \$0.2 million, or \$0.01 per share, a decrease of \$0.2 million or \$0.01 per share from the net income of \$0.4 million, or \$0.2 per share for the same period in 1996.

SEASONALITY OF BUSINESS REVENUE AND NET INCOME BY QUARTER (IN MILLIONS)

	REVENUES	NET INCOME
1993		
Q1 (4.2) Q2 Q3 Q4	\$ 77.5 142.9 183.6 166.4	\$ - 5.8 2.9
1994		
 Q1 (2.1)	106.7	
Q2 Q3 Q4	173.6 240.2 172.9	4.6 13.6 3.3
1995		
Q1 Q2 Q3 Q4	105.3 226.7 306.6 256.2	1.2 8.3 13.2 5.8
1996		
Q1 Q2 Q3 Q4	153.7 248.5 302.7 223.9	0.4 9.1 15.1 2.7
1997		
 Q1	146.8	0.2

OUTLOOK

This "Outlook" section contains forward-looking statements which are made in reliance on the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Investors are cautioned that such forward-looking statements involve risks and uncertainties, including, 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; competition and pricing pressures; state referendums and initiatives; and other risks detailed from time to time in the Company's filings with the Securities and Exchange Commission.

President Clinton and the Republican congressional leadership have thrown transportation industry participants a curve ball with respect to the recently announced budget agreement. The agreement announced in early May would limit highway spending to no more than \$22 billion per year over the next five years. This amount is significantly below the \$26 billion level that can be supported by the Highway Trust Fund or even the amount of gas tax revenue that annually is deposited into the Highway Trust Fund. This funding level is also lower than the \$26 to \$27 billion funding levels that 59 senators and more than 230 members of the House of Representatives are on record supporting in the various highway program reauthorization bills proposed to date.

Furthermore, under this budget proposal, the balance in the Highway Trust Fund would be allowed to grow annually to offset spending in other areas of the budget, thus masking the true size of the federal deficit and allowing for achievement of a balanced budget, at least on paper. In our opinion, the apparent \$2 billion per year increase in federal highway program funding is inadequate to resolve equity issues between donee and donor states as well as address the critical need for repair and replacement of the national highway system, which should be considered a national economic priority.

Looking at the state funding picture, the debate continues in California over how to pay for the unanticipated increase in cost to retrofit the San Francisco-Oakland Bay Bridge. Granite anticipates bidding these retrofit projects in joint venture but at the same time is supporting efforts to keep money from being siphoned out of the highway account for funding the retrofit effort.

We continue to see the evidence of an upturn in the private marketplace in California. We believe part of the early success of our Branch Division in the public sector is due to the reduced participation in the bidding process by those mostly smaller contractors that work predominately in the private sector. Moreover, we are encouraged by the nature and level of inquiries by private developers to discuss opportunities for the Company to perform site development work in California and the west. As of yet, however, it has not translated into increased backlog in our private market sector.

As we discussed recently in our Form 10-K, we are somewhat concerned by the potential shortage of skilled labor, particularly in areas like Salt Lake City, Utah, which we are addressing with increased investment in craft and technical training. Also, there is some concern that the Federal Reserve Board is contemplating additional increases in the discount rate, which would lead to higher interest rates and possibly put a damper on residential site development projects.

At the same time, the level of bidding activity within both divisions is very high and the size and scope of some of these projects, particularly for the Heavy Construction Division, are quite large. Examples include a \$140 million lock and dam in Arkansas, a \$235 million tunnel project in New Jersey, a \$100 million sewage treatment project in Atlanta and a \$252 million cut and cover highway in Boston. We are pursuing all of these projects in joint venture, as well as the \$1 billion Foothill Corridor Toll Road in Orange County, California. As we have stated most recently in the 10-K, the impact of these projects, if we are successful, would not impact Granite's earnings until 1998 and beyond due to their size and the time it takes to reach the 25% threshold of completion for profit recognition.

We have completed our 30% investment in TIC Holdings, Inc., effective May 1, 1997, with a tender offer for 20% of outstanding stock of employee shareholders and will include our 30% portion of TIC earnings under the equity method of accounting beginning the second quarter of 1997.

Meanwhile, we are off to a very good start for the year, booking record new awards in the first quarter, leading to a record backlog, which gives us a more than ample springboard to grow our business going forward.

LIQUIDITY AND CAPITAL RESOURCES

DOLLARS IN THOUSANDS	1997	1996	
Cash and cash equivalents, March 31	\$ 8,343	\$ 14,705	
Net cash provided (used) by: Operating activities Investing activities Financing activities	(15,485) (12,947) (1,888)	(7,076) 1,192 (1,821)	
Capital expenditures	21,558	18,004	
Working capital	75,451	63,796	

Cash used by operating activities of \$15.5 million for the three months ended March 31, 1997 represents an \$8.4 million decrease from the 1996 amount for the same period. The decrease primarily reflects the undistributed earnings of construction joint ventures. Changes in cash provided from operations reflect seasonal variations based on the amount and progress of work being performed.

Cash provided by investing activities in 1997 decreased \$14.1 million primarily reflecting a \$3.6 million increase in cash used to purchase property and equipment and a \$9.3 million decrease in net maturities of short-term investments.

Cash used in financing activities for the three months ended March 31, 1997 remained consistent with the same period in 1996.

On May 1, 1997, the Company purchased 20%, or 154,276 shares, of the outstanding stock of TIC Holdings, Inc. for \$12,096,781. The acquisition gives the Company a total 30% ownership of TIC. The transaction was financed under the Company's revolving line of credit with interest at 6.275% payable quarterly and principal payable semiannually over five years beginning December 1998. The investment will be accounted for using the equity method of accounting from the date of acquiring the additional 20% ownership. Previously, the investment in TIC was recorded at cost.

The Company's current borrowing capacity under its revolving line of credit is \$50 million of which \$25.9 million was available on March 31, 1997. The Company believes that its current cash balances combined with cash flows from operations and cash available under its revolving credit agreements, as renegotiated during 1997, will be sufficient to meet its operating needs, anticipated capital expenditure plans and other financial commitments at least through 1997.

ITEM 1. LEGAL PROCEEDINGS None **ITEM 2. CHANGES IN SECURITIES** None ITEM 3. DEFAULTS UPON SENIOR SECURITIES None ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS None **ITEM 5. OTHER INFORMATION** None ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K a) Exhibits Exhibit 11 - Computation of Net Income per Common and Common Equivalent Share b) Reports on Form 8-K

None

SIGNATURES

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

GRANITE CONSTRUCTION INCORPORATED

By: /s/ William E. Barton

William E. Barton

Vice President and Chief Financial

Officer

Date: May 12, 1997

EXHIBIT INDEX

EXHIBIT NUMBER	DESCRIPTION	PAGE
11	Computation of Net Income per Common and Common Equivalent Share	20

EXHIBIT 11 GRANITE CONSTRUCTION INCORPORATED COMPUTATION OF NET INCOME PER COMMON AND COMMON EQUIVALENT SHARE

(IN THOUSANDS, EXCEPT PER SHARE DATA)

THREE MONTHS ENDED MARCH 31,		1997		1996	
Weighted average common shares outstanding		18,129		17,897	
Computation of incremental outstanding shares: Net effect of dilutive stock options based on treasury stock method		55		69	
Weighted average common shares outstanding, as adjusted	=====	18,184	:====	17,966	
Net income	\$	243	\$	366	
Net income per common and common equivalent share	\$	0.01	\$	0.02	

ARTICLE 5

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM CONDENSED CONSOLIDATED BALANCE SHEETS, CONDENSED CONSOLIDATED STATEMENTS OF INCOME, AND NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FORM 10-Q, MARCH 31, 1997.

MULTIPLIER: 1,000

PERIOD TYPE	3 MOS
FISCAL YEAR END	DEC 31 1997
PERIOD START	JAN 01 1997
PERIOD END	MAR 31 1997
CASH	8,343
SECURITIES	24,201
RECEIVABLES	116,057
ALLOWANCES	692
INVENTORY	14,306
CURRENT ASSETS	226,291
PP&E	475,715
DEPRECIATION	284,926
TOTAL ASSETS	449,359
CURRENT LIABILITIES	150,840
BONDS	43,174
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	184
OTHER SE	230,586
TOTAL LIABILITY AND EQUITY	449,359
SALES	146,821
TOTAL REVENUES	146,821
CGS	130,971
TOTAL COSTS	147,614
OTHER EXPENSES	0
LOSS PROVISION	0
INTEREST EXPENSE	1,433
INCOME PRETAX	385
INCOME TAX	142
INCOME CONTINUING	243
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	243
EPS PRIMARY	0.01
EPS DILUTED	0.01

End of Filing

