GRANITE CONSTRUCTION INCORPORATED
AUDIT/COMPLIANCE COMMITTEE CHARTER

Purpose

The Audit/Compliance Committee ("Committee") is appointed by the Board of Directors and its purpose is to assist the Board in (A) its oversight of (1) the Company's accounting and financial reporting principles and policies and internal controls and procedures, including the internal audit function, (2) the Company's system of Internal Control over financial reporting as required by Section 404 of the Sarbanes-Oxley Act of 2002, (3) the integrity of the Company's financial statements, (4) the qualifications and independence of the Company's independent auditor, (5) the Company's compliance with legal and regulatory requirements, and (6) the Company's Corporate Compliance Program and Code of Conduct, and (B) selecting, evaluating, setting the compensation of, and, where deemed appropriate, replacing the Company's independent auditor. In addition, the Committee shall prepare the report required by the rules of the Securities and Exchange Commission (S.E.C.) to be included in the Company's annual proxy statement.

Duties & Responsibilities

The function of the Committee is oversight. The management of the Company is responsible for the preparation, presentation and integrity of the Company's financial statements. Management is responsible for maintaining appropriate accounting and financial reporting principles, policies, internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations. The independent auditor is responsible for planning and carrying out a proper audit of the Company's annual financial statements and internal control over financial reporting, reviews of the Company's quarterly financial statements prior to the filing of each quarterly report on Form 10-Q, and other procedures.

The Committee shall be comprised of at least three directors, each of whom shall satisfy the independence and other requirements of the New York Stock Exchange and the S.E.C., as such requirements are interpreted by the Board in its business judgment. At least one member of the Committee shall be an audit committee financial expert, as defined by Item 407(d)(5) of Regulation S-K (§229.407(d)(5)). Director fees are the only compensation a Committee member shall receive from the Company.

The Committee shall meet regularly, but not less frequently than quarterly, to discuss with management the annual audited and quarterly unaudited financial statements. The Committee should also meet separately at least quarterly in executive sessions with management, the internal auditor and the independent auditor to discuss any matters that the Committee or any of these persons or firms believe should be discussed privately. The Committee may form and delegate authority to subcommittees when appropriate.

In addition, the Committee shall have the sole authority to appoint / replace the independent auditor, and authority to pre-approve all auditing services and permitted non-audit services to be rendered by the independent auditor. The independent auditor will report directly to the Committee. The Committee may request any officer or employee of the Company, the Company's outside counsel, independent auditor, investment bankers or financial analysts who follow the Company to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee. The Committee shall have the authority to retain legal, accounting or other consultants as it determines necessary to carry out its duties.

QLCC

The Audit/Compliance Committee shall serve as the Qualified Legal Compliance Committee ("QLCC") of the Board of Directors and in such capacity shall adhere to the following:

Purpose

The purpose of the QLCC is to receive evidence of a material violation of federal or state securities law or breach of fiduciary duty or similar violation by the Company or by any officer, employee, or agent of the Company (a "Material Violation") from attorneys subject to Section 307 of the Sarbanes-Oxley Act of 2002 (the "Act") representing the Company (whether employed by the Company or as outside counsel or otherwise) and to determine an appropriate response of the Company to evidence of such Material Violation.

Responsibilities

The QLCC is charged by the Board with establishing and maintaining the appropriate procedures to address reported evidence of Material Violations, the reporting requirements mandated by Section 307 of the Act, and to take all appropriate action to address such evidence. See the Granite Audit/Compliance Committee Planner for additional QLCC procedures.

Activities

The Committee shall make regular reports to the Board on the business conducted by the Committee.

Please refer to the Audit/Compliance Committee Planner for a comprehensive listing of Committee activities.

Audit/Compliance Committee Planner

AN = As Necessary

	Independent Auditor	AN	January Meeting	YE Call	March Meeting	Q1 Call	May Meeting	Q2 Call	Q3 Call	November Meeting
1	Review and discuss with management and the external auditor the annual financial statements along with any off-balance sheet structures, including the disclosures made in management's discussion and analysis, and recommend to the board of directors whether they should be included in the company's Form 10-K.			X						
2	Review with management and the external auditor the results of the audit, including any difficulties encountered in the course of the audit work, any restrictions on the scope of the activities or access to requested information and any significant disagreements with management.			X						
3	In conjunction with management's summary of any fraud or investigations, inquire of the independent auditor assurance that they are aware of no other fraud or illegal activities.			X		X		X	X	
4	Review and discuss with management and the external auditor interim financial statements, including the results of the external auditor's review of the quarterly financial statements, before filing the company's Form 10-Q with the Commission or other applicable regulatory filings with regulators.					X		X	X	
5	Review and discuss recent professional, accounting and regulatory pronouncements and initiatives, and understand their impact on the company's financial statements. At least annually, prior to the filing of the audit report with the SEC (and more frequently if appropriate) discuss reports from the external auditor on (1) all critical accounting policies and practices to be used, (2) all alternative treatments of financial information with generally accepted accounting principles that have been discussed with management, including ramifications of the use of such alternative disclosures and treatments and the treatment preferred by the external auditor and (3) other material written communications between the external auditor and management, such as any management letter or schedules of unadjusted differences.			X		X		X	X	

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	Independent Auditor (cont'd)	AN	January Meeting	YE Call	March Meeting	Q1 Call	May Meeting	Q2 Call	Q3 Call	November Meeting
6	Evaluate, and present to the board of directors, taking into account the opinions of management and the internal auditors, its conclusions regarding: • the experience and qualifications of the independent auditor and whether non-audit services are compatible with maintaining the auditor's independence • performance and independence of the external auditor • the auditor's quality controls and any material issues raised by the most recent quality-control review of the firm, or by any inquiry by authorities within the preceding five years						X			
7	Meet with the external auditor to discuss the external auditor's proposed audit planning, scope, staffing and approach, including coordination of its effort with internal audit, as well as associated fees.						X			
8	Ensure the rotation of the audit partners as required by law and consider whether in order to assure continuing auditor independence it is appropriate to adopt a policy of rotating the external audit firm on a regular basis.	X								

	Internal Audit	AN	January Meeting	YE Call	March Meeting	Q1 Call	May Meeting	Q2 Call	Q3 Call	November Meeting
9	Review with management, the external auditor and the chief audit executive the plans, activities, staffing and organizational structure of the internal audit function, and any recommended changes thereto, as well as staff qualifications.				X					
10	Ensure there are no unjustified restrictions or limitations on the chief audit executive's scope of activities or access to information, and review and concur in the appointment, replacement, or dismissal of the chief audit executive.				X					
11	Review significant reports to management prepared by internal audit and management's responses.				X		X			X

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	Granite Management		January		March		May			November
		AN	Meeting	YE Call	Meeting	Q1 Call	Meeting	Q2 Call	Q3 Call	Meeting
12	Discuss with management the company's earnings press releases, including the use of "pro forma" or "adjusted" non-GAAP information, as well as financial information and earnings guidance provided to analysts and ratings agencies.			X		X		X	X	
13	Review the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies.		X		X		X			X
14	Review and discuss recent professional, accounting and regulatory pronouncements and initiatives, and understand their impact on the company's financial statements.		X	X	X	X	X	X	X	X
15	Review policies with management and/or recommend to the Board guidelines for the hiring of employees of the independent auditor who were engaged on the Company's account.	X								
16	Review disclosures made to the Committee by the company's CEO and CFO during their certification process for the Form 10-K and Forms 10-Q about any significant deficiencies in the design of the operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the company's internal controls.			X		X		X	X	
17	Ensure that the Code of Conduct addresses conflicts of interest, fair dealing, the protection and proper use of Company assets, compliance with laws and regulations and the reporting of illegal or unethical behavior.						X			
18	Understand the scope of internal audit's and external auditor's reviews of internal control over financial reporting, consider the effectiveness of the company's internal control systems, including information technology security and control and obtain reports on significant findings and recommendations, together with management's responses.			X		X		X	X	

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	Audit/Compliance Committee	AN	January Meeting	YE Call	March Meeting	Q1 Call	May Meeting	Q2 Call	Q3 Call	November Meeting
19	Prepare the report required by the rules of the SEC to be included in the Company's annual proxy statement.				X					
20	Review and assess the adequacy of the Committee charter annually requesting board approval for proposed changes, and ensure appropriate disclosure as may be required by law or regulation.		X							
21	Review any other report the company issues that relate to Committee responsibilities.	X								
22	At the beginning of each fiscal year, share with the full Board the Committee's planned agenda for the ensuing year.				X					
23	Pre-approve the audit and non-audit services performed by the independent auditor.				X		X			
24	Evaluate the performance of the Director of Internal Audit and the Corporate Compliance Officer.						X			
25	Report to the Board of Directors results of annual independent audit, recommendation of the appointment of the independent auditor and other matters as necessary.				X					
26	Review the effectiveness of the system for monitoring compliance with laws and regulations. The results of management's investigations and follow-up (including disciplinary action) of any instances of noncompliance should also be reviewed.		X		X		X			X
27	Review any reports of the independent auditors mandated by Section 10A of the Securities Exchange Act of 1934, as amended, and obtain from the registered public accountants any information with respect to illegal acts. Review communications from outside auditors as required by the PCAOB.	X								
28	Advise the board of directors with respect to the company's policies and procedures regarding compliance with applicable laws and regulations and with the company's Code of Conduct, including review of the process for communicating the Code of Conduct to company personnel and for monitoring compliance.		X							
29	Review the Company's security and trading policies and certain	X			X					

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	transactions as necessary.									
	Audit/Compliance Committee (cont'd)	AN	January Meeting	YE Call	March Meeting	Q1 Call	May Meeting	Q2 Call	Q3 Call	November Meeting
30	Review and approve other applicable policies (hedging, investment, limits of authority, etc.) on an annual basis.				X					
31	Establish procedures for the receipt, retention and treatment of complaints received by the company regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.		X							
32	Review and discuss with management and the external auditor any correspondence with, or the findings of any examinations by, regulatory agencies, published reports or auditor observations that raise significant issues regarding the company's financial statements or accounting policies.		X		X		X			X
33	Obtain regular updates from management and company counsel regarding compliance matters and legal matters that may have a significant impact on the financial statements or the company's compliance policies.		X	X	X	X	X	X	X	X
34	In consultation with the independent auditors and the internal auditors, review the integrity of the organization's financial reporting processes and the internal control structure, including disclosure controls.	X	X		X		X			X
35	Regularly report to the Board of Directors Committee activities, issues and related recommendations.		X		X		X			X
36	Perform other activities related to this charter as requested by the Board of Directors.	X								
37	Annually review the Committee's own performance.		X							
38	Hold Executive Sessions with the independent auditor, internal auditor, Granite management and others.		X		X		X			X

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	Qualified Legal Compliance Committee (QLCC)	AN	January Meeting	YE Call	March Meeting	Q1 Call	May Meeting	Q2 Call	Q3 Call	November Meeting
39	Establish written procedures to receive, consider and retain Section 307 reports, as contemplated by the Act.		X							
40	Inform the Company's chief legal officer ("CLO") and chief executive officer ("CEO") of any report of evidence of a material violation.	X								
41	Decide whether an investigation is necessary to determine whether a Material Violation has occurred, is occurring, or is about to occur and, if so, to a) notify the full Board of Directors; b) initiate an investigation, which may be conducted either by the CLO or by outside attorneys; and c) retain additional expert personnel.	X								
42	At the conclusion of any investigation, recommend that the Company implement an appropriate response.	X								
43	Engage professional advisors as appropriate to discharge Committee responsibilities.	X								
44	Develop and maintain appropriate corporate training programs to facilitate familiarity with and foster the development of expertise in the operation of the QLCC.				X					