



GRANITE CONSTRUCTION INCORPORATED BOARD OF DIRECTORS NOMINATION POLICY

as Approved by the Board of Directors on
January 22, 2004

Evaluation Criteria And Procedures

Members of the Board of Directors of Granite Construction Incorporated are divided into three classes and are nominated for election for three-year terms. The Board, its members, its committee structure and performance and its overall governance performance are continuously reviewed. Included in this review is a careful evaluation of the mix of skills and experience of board members weighed against the Company's current and emerging operating and strategic challenges and opportunities. These evaluations are made on the basis of observations and interviews with management and with board members conducted annually by the Nominating and Corporate Governance Committee, with the assistance of an outside executive search firm. The activities of the executive search firm are coordinated by the Director of Human Resources.

Current Board members whose performance, capabilities, and experience meet the Company's expectations and needs are nominated for reelection in the year of their term's completion. In accordance with the Company's Corporate Governance Guidelines, Board members are not re-nominated after they reach their 72nd birthday.

Each member of the Board of Directors must meet a set of core criteria, referred to as the "three C's": Character, Capability, and Commitment. Granite was founded by persons of outstanding character, and it is the intention of the Company to ensure that it continues to be governed by persons of high integrity and worthy of the trust of its stockholders. Further, the Company intends to recruit and select persons whose capabilities, including their educational background, their work and life experiences, and their demonstrated records of performance will ensure that Granite's Board will have the balance of expertise and judgment required for its long-term performance and growth. Finally, the Company will recruit and select only those persons who demonstrate that they have the commitment to devote the time, energy, and effort required to guarantee that the Company will have the highest possible level of leadership and governance.

In addition to the three C's the Board recruitment and selection process assures that the Board composition meets all of the relevant standards for independence and specific expertise. For each new recruitment process, a set of specific criteria is determined by the Nominating and Corporate Governance Committee with the assistance of the executive search firm and the Chairman of the Board, utilizing the interview process noted above. These criteria may specify, for example, the type of industry or geographic

experience that would be useful to maintain and improve the balance of skills and knowledge on the Board. After the search criteria are established, the executive search firm utilizes its professional skills and its data sources and contacts, including current Company Board members and officers, to seek appropriate candidates. The credentials of a set of qualified candidates provided by the search process are submitted for review by the Nominating and Corporate Governance Committee, the Chairman of the Board and senior officers. Based on this review, the Nominating and Corporate Governance Committee invites the top candidates for personal interviews with the Committee and the Company's executive management team.

Normally, the search, review, and interview process results in a single nominee to fill a specific vacancy. However, a given search may be aimed at producing more than one nominee and the search for a single nominee may result in two candidates of such capability and character that both might be nominated, with term classes restructured following additional vacancies.

It is the Company's intention that this search and nomination process consider qualified candidates referred by a wide variety of sources, including all of the Company's constituents -- its customers, employees, stockholders, and members of the communities in which it operates. The search firm will include all referrals in its screening process and bring qualified candidates to the attention of the Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee is responsible for assuring that all relevant sources of potential candidates have been canvassed.

Stockholder Recommendation and Direct Nomination of Board Candidates

Consistent with the bylaws, and the Nominating and Corporate Governance Committee Charter, the Company will review and consider for nomination any candidate for membership to the Board recommended by a stockholder of the Company, in accordance with the evaluation criteria and selection process described above. Stockholders wishing to recommend a candidate for consideration in connection with an election at a specific annual meeting should notify the Company well in advance of the meeting date to allow adequate time for the review process and preparation of the proxy statement, and in no event later than the date specified below with respect to direct nominations.

In addition, the Company's bylaws provide that any stockholder entitled to vote in the election of Directors may directly nominate a candidate or candidates for election at a meeting provided that timely notice of his or her intention to make such nomination is given. To be timely, a stockholder nomination for a Director to be elected at an annual meeting must be received by the Company not less than 120 days in advance of the date that the proxy statement for the previous year's annual meeting was released to stockholders and must contain the information specified in the bylaws.