

CODE OF CONDUCT

CORE VALUES AND COMPLIANCE

“

Boldly
contending
for that which
is right...

...and firmly
rejecting that
which is wrong.

”

**Our founder said it.
We live it.**

Since the 1940s our Code of Conduct and strong Core Values have guided our Company to uphold the highest ethical standards. It is that commitment, lived daily by our people, that allows us to successfully build the infrastructure of the future.

Contents

| | |
|----|--|
| 1 | Introduction |
| 2 | Core Values |
| 4 | Compliance Program and Guidelines |
| 5 | Standards of Conduct in Business Transactions |
| 7 | Construction Business Standards |
| 8 | Conflicts of Interest |
| 10 | Accident and Injury Prevention |
| 11 | Equal Employment Opportunity and Other Employment Laws |
| 12 | Environment |
| 13 | Copying Documents and Software and the Use of Electronic Media |
| 14 | Trade Secrets and Company Information |
| 15 | Government Contracting |
| 16 | Public Affairs |
| 17 | Antitrust Laws and Competing Fairly |
| 18 | Securities Laws |
| 19 | International Business |
| 19 | Whistleblowing |
| 20 | Procedures |
| 20 | Getting Help |
| 20 | Discipline |
| | Appendix |
| 22 | Resources |
| 23 | Code of Conduct Certification |

Introduction



Granite's founding fathers, Walter J. "Pop" Wilkinson and Bert Scott, were hardworking, resourceful entrepreneurs who measured their own character and conduct by how well they applied the simple belief, *Do unto others as you would have them do unto you.*

The fact that this credo is found in virtually every major culture around the world shows the universal acceptance of this philosophy. Today the Golden Rule remains the cornerstone of Granite's Core Values as we continually strive to integrate its practice with our goal of rewarding careers, building individual character, and growing a respectable and profitable business.

Simply put, this Code of Conduct is our standard of behavior. It is how we deal with one another and how we treat everyone with whom we interact in our daily business. Honoring and maintaining our predecessors' high standard of conduct helps ensure that all stakeholders are well served and Granite's highly regarded reputation and integrity are preserved.

You are an important member of the Granite team, and you are expected to embrace this Code. You and your coworkers also have a duty to hold one another accountable to this high standard of behavior. As an

aid, use the following *Ethics Check* as a guide during decision-making:

- Is your behavior/proposed action legal? Does it comply with the law and Company policies?
- Is your behavior/proposed action something you would like to see published in the newspaper?
- Is your behavior/proposed action something you could comfortably explain to your children?

In short, will your behavior or decision allow you to look in the mirror and feel proud about what you are doing? If the *Ethics Check* raises doubt, you have an obligation to seek guidance from your supervisor or Human Resources manager; call the Granite Compliance Helpline at (800) 211-4226 or visit www.granite.alertline.com.

Furthermore, all supervisors have the additional responsibility to lead by example, to train their teams, and to enforce these standards.

The Code of Conduct consists of two sections: Core Values, and Compliance Program and Guidelines. Our Core Values are part of our heritage and are fundamental to who we are as an organization. These Core Values are the basis for our decision-making. The Compliance Program and Guidelines address some specific areas of concern, either due to the Company emphasis or legal requirements.

Core Values

Granite's Core Values represent who we are and provide, without question, the standard of behavior by which we conduct business. These values are the heart, soul, and character of Granite. Our Code of Conduct embodies the vision of our Company founders and encompasses the values that have been and will continue to be vital to the future success of the Company.

Our Core Values represent how we treat one another, how we deal with our customers, how we respond to our stakeholders, and how we hold one another and ourselves accountable. This is the legacy we will leave for generations to come.



The following nine Core Values represent the foundation of our Code of Conduct. Although achieving these high standards may be difficult, we nonetheless aspire to uphold them as we live our lives and conduct our business:

Safety

- The safety of our employees, our stakeholders, and the general public is our responsibility.
- Plan safety into every aspect of our work and relentlessly execute our plan.
- Drive for continuous improvement to create and sustain a zero-incident culture.

Honesty

- Be truthful, accurate, and straightforward.
- Be candid and nondeceptive in communication and conduct.

Integrity

- Maintain consistency between your beliefs and your behavior—walk your talk!
- Have the courage to contend boldly for that which is right and reject firmly that which is wrong.

Fairness

- Endeavor to be reasonable, open-minded, impartial, even-handed, and non-discriminatory in all of your dealings.
- Genuinely partner and actively collaborate within and outside the Company.
- Maintain, without deviation, an attitude of sincerity, tolerance, consideration, and assistance toward others, regardless of position.

Accountability

- Accept responsibility for your own actions or inactions and for those whom you supervise.
- Take prompt, constructive steps to correct mistakes and defects.
- Promote teamwork by holding one another accountable—of rejecting behaviors inconsistent with this Code of Conduct.

Consideration of Others

- Practice the principles of the Golden Rule.
- Respect the dignity, rights, safety, and personal property of others.
- Be open to the ideas and the opinions of others.
- Exercise patience and remain positive under all circumstances.
- Ensure that those whom you supervise are not put in compromising situations.

Pursuit of Excellence

- Consistently apply diligence, perseverance, attention to detail, and good work habits to ensure high-quality projects, and products and excellent customer service.
- Build capabilities through continuous learning, coaching, mentoring, and teaching.
- Never accept complacency or indifference.
- Remain flexible and open to possibilities.

Reliability

- Only make realistic commitments and follow through on the commitments you make.
- Be prompt and responsive in business dealings within and outside the Company.

Citizenship

- Comply with all governmental laws, rules, and regulations.
- Show consideration for the safety and the welfare of everyone, including our natural environment.
- Respond to the impact our work has on the natural environment by consistently evaluating and improving our efforts so that our projects and processes work in harmony with the environment.
- Cultivate an organization that actively encourages us to be the best of who we are and continuously strive to make a difference in our communities and the world.

Compliance Program and Guidelines

Granite's board of directors has endorsed a strong Corporate Compliance and Ethics Program for our Company. Our General Counsel has been designated as our Corporate Compliance Officer with responsibility for this program. Each of us has a responsibility to help ensure that our Company always does the right thing and complies with the law.

Our compliance program also includes operation of the Granite Compliance Helpline which is (800) 211-4226. This line is available 24 hours a day, 7 days a week. It is operated by an outside service, which forwards your questions to the appropriate person at Granite. You may call this number anonymously. In addition, Granite also provides an online service which can be found at www.granite.alertline.com.

The Company is subject to federal, state, and local laws and regulations. Management is committed to following not only the letter of these laws but also the spirit. Beyond this, however, we are also committed to acting ethically. Following are some of the areas that apply to the Company and its directors, officers, and employees. Our Code does not cover everything you need to know

about your conduct as an employee. It is, however, a cornerstone of our commitment and a reference for other policies that provide more-specific information.

This Code does not alter your status as an at-will employee. Granite's employment is at-will.

At-will means that you are free to leave your employment at any time, with or without cause or notice, and Granite retains the same right to end your employment at any time, with or without cause or notice. No one has the authority to make representations that are inconsistent with this policy. Rather, this Code helps each of us know what is expected of us to ensure that we always act ethically.





Standards of Conduct in Business Transactions

Accounting rules are important to any business that must report financial results to those outside the Company, which can include banks, bonding companies, and regulatory agencies. Likewise, investors in publicly traded companies make their assessments on the assumption that companies follow a uniform set of standards. Granite follows Generally Accepted Accounting Principles.

In addition, the Company's business policies, procedures, and guidelines are contained in the Granite Management System. Consult your supervisor or manager if you have a question about how a task should be done. General rules that apply to all directors, officers, and employees include the following:

General

- All who act for the Company must comply with applicable federal, state, and local laws, rules, and regulations.
- Use of Company funds or property for any purpose that is in violation of applicable laws or Company policy is prohibited.
- Employees, officers, and directors are prohibited from competing with the Company and from personally taking for themselves opportunities that occur in the course of Company business, such as using Company property, equipment, information, or position for personal gain. Employees, officers, and directors owe a duty to the Company to advance its legitimate interests when the opportunities arise.
- The use of Company equipment, materials, and other resources for other than Company business (for example, charitable or personal work) must be approved in advance by your supervisor. They may never be used in a way that harms the Company.

- Employees, officers, and directors must maintain the confidentiality of information entrusted to them by the Company and its customers, except when disclosure is authorized or legally mandated. Confidential information includes all nonpublic information that might be of use to competitors or harmful to the Company or its customers if disclosed.
- Each employee, officer, and director should deal fairly with the Company's customers, suppliers, competitors, and employees.

Accounting and Financial Disclosures

- All directors, officers, and employees must act in good faith, responsibly, with due care, competence, and diligence, without misrepresenting material facts or allowing their independent judgment to be subordinated.
- All funds must be properly recorded on Company books and records.
- All information disclosed in our public reports, including those filed with the Securities and Exchange Commission, will be full, fair, accurate, timely, and understandable.
- The Company will comply with the rules and regulations of federal, state, and local governments and other appropriate private and public regulatory agencies.

- The behavior of one unscrupulous person can devastate a company. That is why it is critical to report known or suspected violations of our Code or the law to your supervisor, the Corporate Compliance Officer/General Counsel, the Chairperson of the Audit Committee, or the Granite Compliance Helpline at (800) 211-4226 or online at www.granite.alertline.com. The Helpline may be used, anonymously if preferred, to raise any concerns or questions regarding accounting controls and other accounting or auditing matters. Such calls are treated confidentially, consistent with the Company's need to conduct thorough investigations, to comply with the law, and to cooperate with government authorities.

Managing Company Records

- Maintaining records is essential to our work, and care must be taken to ensure that records are managed properly. These principles should guide us to:
 - **Maintain records specifically required by law.** Some laws have specific record-keeping requirements, and we must faithfully maintain all records required by law.
 - **Be alert to the need for accuracy—especially when documents are produced for an official purpose.** Employees should always try to ensure the accuracy of records, but this becomes especially important when documents are produced for an official purpose, such as litigation or a government inquiry. Providing false or misleading records is wrong under any circumstances—and doing so when records are produced or maintained for official purposes is a serious violation of law.
 - **Retain any records related to litigation or an investigation.** If there is an investigation or litigation or one is anticipated, it is essential to retain any and all related records.
 - **Keep only what is required under our record retention policies.** Although accurate records must be maintained, every business needs an orderly process for retaining them. Consult the *Records Retention Policy* in the Granite Management System to ensure that we do not retain unnecessary documents.

Government Inquiries and Investigations

From time to time our employees, officers, and directors may come into contact with government officials responsible for enforcing the law. Dealing honestly with government officials is always the rule—*no exceptions*. Any information provided that relates to your duties at Granite must be complete, honest, and truthful.

At the same time, when dealing with the government you should take care that all appropriate steps are taken. You should always contact our General Counsel immediately upon receiving a request for information from a government agency.

If there is a pending or potential government inquiry or litigation, be sure that any records relevant to the inquiry or litigation are faithfully preserved. Do not assume that this will just happen—take whatever affirmative steps are necessary, including suspension of automatic disposal of electronic records. Consult our General Counsel for advice.



Construction Business Standards

The way each of us conducts the Company's business influences how other people (customers, subcontractors, suppliers, the public, and regulators) perceive us.

Some of the standards that we as a Company subscribe to include the following:

- We insist on fair treatment of subcontractor and supplier quotations. Prior to bid, all quotations the Company receives are considered confidential, proprietary, and for internal use only.
- The Company subscribes to the principles embodied in the implied covenant of good faith and fair dealing. In essence, the covenant requires that both the Company and whomever we contract with be faithful to the agreed common purpose of the contract.

A practical implementation of the covenant is the formal partnering process.

- Each customer comes to us with a different expertise in construction and contracting. For example, each employee who provides quotes to customers has a responsibility to ensure that quotes and any subsequent construction work meet the customer's needs expressed at bid time.

Questions that arise should be referred to your supervisor or to the Granite Compliance Helpline at (800) 211-4226 or online at www.granite.alertline.com.





Conflicts of Interest

All employees, officers, and directors must be free of outside influences or interests that conflict with their duty to act in the best interests of the Company in business relationships and dealings. Employees will deal with owners, suppliers, customers, contractors, and all others without favor or preference. A conflict of interest occurs when an individual's private interest interferes in any way with the interests of the Company as a whole.

A conflict situation can arise when an employee, officer, or director takes actions or has interests that may make it difficult to perform his or her Company work objectively and effectively, including situations in which there only *appears* to be a conflict. Conflicts of interest also arise when an employee, officer, or director, or a member of his or her family, receives improper personal benefits as a result of his or her position in the Company.

When dealing with individuals and organizations that are doing or seeking to do business with the Company, employees, officers, and directors:

- may not accept cash or any cash equivalent, any gift or offer that would be illegal, anything that is part of a quid pro quo (i.e., something is given in return), or any payment, loan, or service;
- may never solicit anything of value;
- may never participate in any work-related entertainment that is unsavory, sexually oriented; or otherwise violates our commitment to mutual respect; and
- may not accept an offer of entertainment, travel or gifts valued at more than \$200 fair market value (total value of all gifts from one source in one calendar year) without the approval of the employee's manager. As a further guideline, they should not accept offers that exceed the amount the Company would pay for the same activity (for example, the Company would not pay for a stay in a presidential suite).



Employees, officers, directors or their immediate family members:

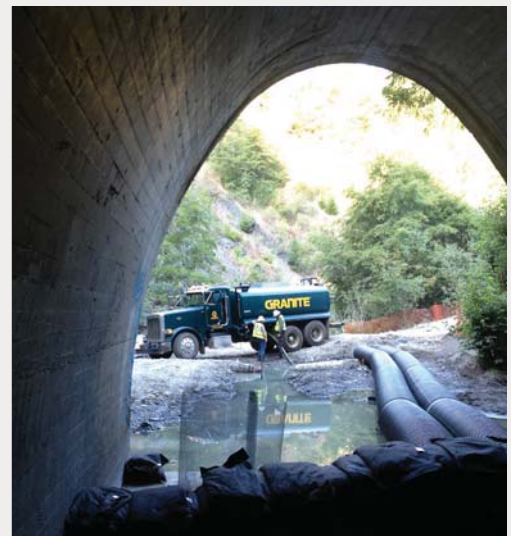
- may not provide goods or services to the Company, or own greater than 10 percent beneficial interest in an entity (e.g., corporation, partnership, estate, trust, or sole proprietorship) that supplies goods or services to the Company, unless expressly authorized in writing by the employee's manager; "immediate family members" means: a person's spouse, parents, children, stepchildren, siblings, mothers- and fathers-in-law, sons- and daughters-in-law, and anyone (other than domestic employees) who shares such person's home;
- may not offer any entertainment, travel, or gifts to employees of any other organization that would violate the law or the other organization's rules or policies;
- may not compete with the Company, nor own an interest in a privately held competitor, nor own more than the lesser of \$10,000 in value or 1 percent of the outstanding shares of a publicly traded competitor;
- may do business with a relative on behalf of the Company only if expressly authorized in writing by the employee's manager and submitted to the Corporate Compliance Officer for annual monitoring; and

- must review with our General Counsel all requests to serve on the board of directors or as an officer of another company.

For the purposes of this section "employee's manager" refers to:

- Area managers
- Regional managers
- Group managers
- Corporate vice presidents
- For employees in higher management levels, refers to the next senior level of management
- For executive officers and members of the board, refers to the full board of directors

All managers have the responsibility to ensure that their employees understand the requirements of this section, to monitor compliance, and to apply appropriate disciplinary action when necessary. Questions that arise should be referred to the Human Resources manager or the Granite Compliance Helpline at (800) 211-4226 or online at www.granite.alertline.com.

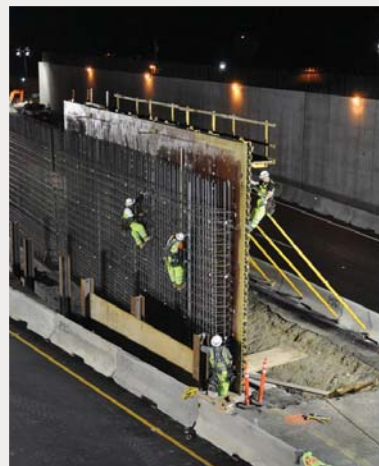
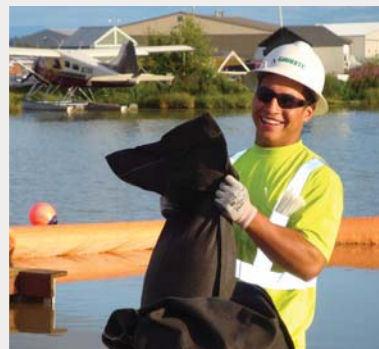
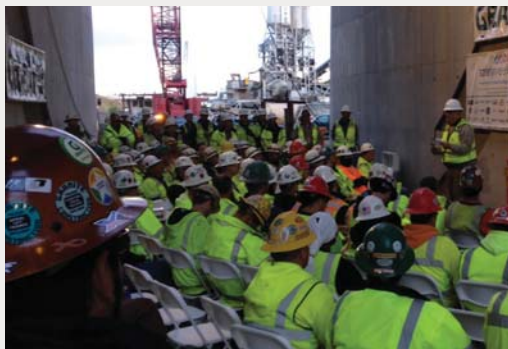




Accident and Injury Prevention

- The Company is committed to the prevention of accidents and injury to our employees and the general public.
- Supervisors are responsible for safe work procedures within the scope of their authority in accordance with applicable laws and regulations and the Company's Accident Prevention Program.
- All employees are responsible for following instructions and safe work procedures established to protect them, like those contained in the Company's booklet *Job Safety and You: Code of Safe Work Practices*.
- All employees are responsible for complying with the requirements of the Company's *Substance Abuse Policy*. The Company strictly forbids the abuse of drugs and alcohol.
- All employees are responsible for following the processes and the instructions in the Company's *Fleet Safety Manual*.
- The Company will cooperatively participate with regulatory agencies conducting inspections and investigations.

All employees are required to report workplace injuries and any unsafe work conditions. Questions that arise should be referred to your on-site safety representative, your manager, or the Granite Compliance Helpline at (800) 211-4226 or online at www.granite.alertline.com.





Equal Employment Opportunity and Other Employment Laws

- Employees will comply with all federal, state, and local equal employment opportunity (EEO) laws.
- The Company will employ persons and make employment-related decisions without regard to an individual's race, color, religion, sex, age, creed, national origin, citizenship, ancestry, marital status, sexual orientation, gender identity, disability, medical condition, genetic information, or any other characteristic protected by law.
- The Company is committed to compliance with the Americans with Disabilities Act and will make reasonable accommodations for qualified individuals with known disabilities. This policy governs all aspects of employment, including selection, job assignment, compensation, discipline, termination, and access to benefits and training.
- All managers are responsible for annually reviewing with their employees EEO laws and the Company's *Employment Law Policy*.
- As stated in the Company's *Equal Employment Opportunity Policy* and *Whistleblower Policy*, it is

the Company's policy to provide all employees with a workplace free of harassment, intimidation, coercion, and retaliation.

- All employees, officers, and directors are responsible for conducting themselves so that their actions are not considered sexually harassing, demeaning, or intimidating in any way, as called for in the Company's *Sexual Harassment Policy*.

Under the law, sexual harassment is generally defined as either:

1. Unwelcome sex-based conduct that is so severe and pervasive that it creates an intimidating, hostile, or offensive work environment;
OR
2. Sex-based conduct by a supervisor or manager that tangibly affects an employee's job—for example, imposition of discipline, rejection for promotion, or loss of pay or benefits.

Sexual harassment can occur in a variety of forms. It may include:

1. Unwelcome sexual advances;
2. Requests for sexual favors;
AND/OR

3. Verbal remarks or physical contact or conduct of an intimate or sexual nature, such as uninvited touching or sexually suggestive comments, that interfere with another person's work performance or that create an intimidating, hostile, or offensive working environment.

- The Company has zero tolerance for discrimination or harassment of any kind, and employees will be subject to disciplinary action, including termination, for violations.
- The Company will not tolerate retaliation against anyone who in good faith raises a concern or reports a violation.

For specific information regarding your rights and responsibilities under EEO laws and our Company's policies, refer to the Company's *Employment Law Policy*. Questions that arise should be referred to your Human Resources manager or the Granite Compliance Helpline at (800) 211-4226 or online at www.granite.alertline.com.

The Company is also committed to full compliance with all immigration, labor standards, and wage and hours laws.



Environment

The Company complies with all applicable environmental laws, ordinances, and regulations and will cooperatively participate with regulatory agencies conducting inspections and/or investigations.

- The Company will conduct its business in accordance with its *SHEQ (Safety, Health, Environmental, and Quality) Policy*.
- All employees are responsible for following environmental health and safety instructions in the performance of their duties.
- Please refer to the *SHEQ Policy* on the Company's intranet site and Granite Management System for additional information. Any concerns or questions that arise should be referred to Environmental Services or the Granite Compliance Helpline at (800) 211-4226 or online at www.granite.alertline.com.





Copying Documents and Software and the Use of Electronic Media

- We respect the rights of others who have created written materials, software, and other “intellectual property.” Copy documents and other materials only when the Company has the right to do so.
- Company computers may contain only software for which the Company holds an appropriate license.
- The Company provides employees with tools and services such as e-mail, personal computers, telephones and voicemail, computer networks and applications, Internet resources, and other electronic services. Company equipment and systems should be used in a manner consistent with Company business goals and policies, including any anti-harassment laws.
- All Company computers, e-mail, phones, and such are Company property intended for Company use. Management reserves the right to review all messages, information, and other content on any of these systems. Employees should not consider anything written or done on Company systems to be private.

Specific information regarding the Company's policies can be found on the Company's intranet site or Granite Management System.





Trade Secrets and Company Information

- In our competitive markets, it is important to protect the Company's business information. Confidential information about plans for future bids, how we develop our bids, employee data, customer information, and similar business activities should not be disclosed or shared with others within the Company unless they have a business need to know.
- Access to employee data should be limited to those who are authorized to use such data for Company purposes. Those who have access to such data should protect it appropriately.
- At the same time, we respect other individuals' and organizations' confidential information. You should not seek nor should you accept such information from others, unless it is provided lawfully under a nondisclosure agreement prepared by our Company's General Counsel. Do not bring to Granite any proprietary records or information of a former employer.

Legitimate sources of competitive information include but are not limited to:

- News and media accounts
- Public filings
- Talking with customers—but not to obtain confidential information
- Information that is observable on the street
- Customers giving you a competitor's proposal *but only* if it is not confidential; If it is a government bid, always consult the Legal Department first
- Trade shows (but not information from competitors)
- Information publicly available on the Internet
- Industry surveys by reputable consultants

Never use the following:

- A competitor's confidential information—any and all questions as to whether competitive information is confidential must be reviewed by the Legal Department
- Papers or computer records brought by new hires from prior employers
- Information marked "confidential," or something similar, belonging to anyone else—consult our General Counsel if you have such information; even if proprietary information just shows up on your desk, get legal advice
- Marketing or other business information exchanged with competitors—this should never be done
- Confidential information about a competitor's bid if you are involved in bidding, especially on government contracts—if you come into possession of such information, call the Legal Department
- Information on a competitor that someone has offered to sell
- Anything else that feels wrong



Government Contracting

Doing Business with the Government

- A large portion of the Company's business involves contracts with public agencies. We must conduct our business to avoid even the appearance of impropriety. The federal government, states, and some municipalities and agencies have their own procedures, rules, and ethical standards for contractors. For example, certain common conduct may constitute lobbying under an agency's rules and necessitate registration as a lobbyist.
- All employees are responsible for learning and following the rules of the agencies with which they are working. For example, some agencies allow their employees to accept items of nominal value such as coffee mugs or calendars displaying the Company logo, whereas other agencies strictly prohibit their employees from accepting any gifts or entertainment of any kind.
- Never seek or accept confidential bid information.
- Know and follow anti-kickback rules, including restrictions on gifts by those seeking business from the government and from government contractors.
- Understand "most favored customer" pricing and verify compliance.
- Conform strictly to the contract's quality, quantity, and testing requirements.
- Charging and allocation of costs including time and overhead, provision of any cost and pricing data, and billing must always be accurate, complete, and in full compliance with the rules and regulations.

- Be truthful, accurate, current, and complete in all representations and certifications.
- Know your customer's rules and regulations.

For more information or assistance, contact our General Counsel or the Granite Compliance Helpline at (800) 211-4226 or online at www.granite.alertline.com.

Former Government Personnel

Federal laws and regulations govern employment and obtaining services from former military and civilian government personnel and prohibit conflicts of interests ("working both sides of the street"). Talk with our General Counsel before initiating *any* employment discussions with a government employee.

Refer questions in this area to our General Counsel at (831) 724-1011.



Public Affairs

- The Company encourages all employees to participate in lawful political activity.
- There will be no pressure on employees, officers, or directors to personally contribute to any political activity, and the Company will not reimburse any employee, officer, or director for individual or group political activity.
- Company management carries a responsibility to our stockholders, employees, customers, and the public to create an awareness and understanding of the Company's position on local, state, and national affairs that directly affect the Company's welfare.

- The Company is prohibited by law from making contributions to candidates for federal office.
- The Company can, in certain instances, make political contributions to state and local candidates. All such contributions are made from the Corporate Office by coordinating with the Legal Department.

For further information contact the Director of Investor Relations or the Granite Compliance Helpline at (800) 211-4226 or online at www.granite.alertline.com.





Antitrust Laws and Competing Fairly

Competition is the basis of this country's economy. Antitrust laws are designed to keep the marketplace open to competition, which is in the Company's best interest. Employees must not only obey federal and state antitrust laws but also avoid circumstances that are likely to create any suspicion of violations. We must at all times avoid actions or words that could be misinterpreted, creating a perception that a violation has occurred, even though the intent may be proper.

Certain types of conduct between competitors are always illegal. You must never:

- Agree on prices
- Agree on any other terms of sale
- Allocate or divide up customers, territories, or markets
- Agree on production limits
- Agree on, or rig, competing bids

Other types of conduct may be illegal, and always require prior review by our General Counsel:

- Requirements contracts
- Exclusive dealing arrangements
- Customer or supplier boycotts
- Tying or bundling together different products and services

The antitrust laws also prohibit acquisitions that could injure competition. Granite must notify the government before carrying out acquisitions of businesses that have sales or assets exceeding certain minimum threshold levels. Anyone who works on a proposed acquisition should involve the Company's General Counsel at the outset of such activity.

As a general rule, employees should avoid contact with competitors. In those circumstances where contacts are necessary, such as trade associations, joint ventures, and customer-sponsored pre-bid meetings, limit discussion to permissible subjects. Never discuss prices or other matters relating to competition. Before you attend any meeting

where competitors will be present, be sure you know the antitrust "do's and don'ts."

Antitrust laws apply to dealings with customers and suppliers as well as competitors. For example, they prohibit illegal price discrimination in the purchase and the sale of products. If you are involved in the purchase and/or sale of products, know the rules for such transactions contained in the Robinson-Patman Act.

Competing fairly means we do not attempt to control or monopolize any markets. Employees must also avoid unfair business practices, such as:

- Defamation and lying about a competitor's business, products, and services
- Inducing breach of contract, or causing a customer to break a contract with a competitor
- Fraudulent and false statements
- Industrial spying
- Bribing customers' agents and employees

Individuals found guilty of antitrust violations and their companies are subject to extraordinarily severe penalties, including termination. Criminal violations of the antitrust laws are felonies. Individuals may be imprisoned for up to 10 years and fined up to \$1 million. Companies have been fined as much as \$500 million. In some cases greater fines are possible against both the individuals and their companies. In addition, persons injured by antitrust violations can sue to collect three times the amount of damage suffered plus their attorneys fees. A combination of criminal and civil liability for a single violation of the antitrust laws can financially cripple even large companies. If there is the slightest doubt about the legality of a particular transaction, employees should contact our General Counsel or the Granite Compliance Helpline at (800) 211-4226 or online at www.granite.alertline.com.

This section is intended as an overview. For further information consult your manager or the Legal Department. For a copy of the *Antitrust and Fair Competition Checklist*, please visit the Company's intranet or contact our General Counsel at (831) 724-1011.



Securities Laws

It is the Company's policy that all employees, officers, and directors comply with the securities laws. In particular, each person must carefully obey the laws and regulations that make it illegal to engage in insider trading or communicate material nonpublic information to third parties.

Each person must follow the Company's *Insider Trading Policy*, found on the Company's intranet site and Granite Management System. Briefly, this means you may not legally trade in Company securities, for example, notes, stocks, or bonds, if you possess material information that has not been made public, whether the trading is done in the open market or through your individual 401(k) or other retirement accounts. You are also prohibited from sharing material nonpublic information with another person where you can anticipate improper trading. This prohibition extends to material nonpublic information about a customer, subcontractor, supplier, or any other company with publicly traded shares that you might learn through your work at the Company.

"Material nonpublic information" includes information that would be expected to affect the investment decisions of a reasonable shareholder or investor, or if the disclosure of the information would be expected to significantly alter the total mix of the information in the marketplace about the Company. The *Insider Trading Policy* contains examples and more information. Further, after material information has been publicly disclosed through appropriate channels, you may begin trading on the third full trading day to allow for public dissemination and evaluation of the information.

Individuals are prohibited from shorting, hedging, and pledging in personal accounts with Granite stock. The Company has determined that to allow such transactions is inconsistent with its goal of aligning the economic interests of Company personnel with those of shareholders.

Officers, directors, executive staff, and affiliates of the Company are subject to additional securities law requirements. These restrictions and reporting requirements are contained in the *Insider Trading Policy*. Included are limitations on the timing and volume of, or bans on, certain types of transactions.

Inquiries about the financial or operating affairs of the Company from the media or financial community are handled by Investor Relations. All managers are responsible for periodically reviewing with their employees the prohibition against trading on material nonpublic information contained in the *Insider Trading Policy*. We will provide all members of the public equal access to honest and accurate material information.

Violations of securities laws can result in criminal and civil penalties against a person who trades on material nonpublic information as well as against a person who supplies such information to another person for the purpose of trading in a company's securities.

- For questions concerning securities law issues, contact our General Counsel.
- For questions concerning Investor Relations and outside contacts, contact the Director of Investor Relations.

For further questions please contact the Granite Compliance Helpline at (800) 211-4226 or online at www.granite.alertline.com.



International Business

Doing business outside the United States or with foreign nationals requires specific expertise.

Before you do any such work, you must first:

- Consult our General Counsel
- Receive training on the Foreign Corrupt Practices Act and other legal requirements



Whistleblowing

Granite's *Whistleblower Policy* gives protection from harassment, retaliation, or any adverse employment consequences to directors, officers, and employees who, in good faith, raise concerns or report a violation of our Code of Conduct or the law.

In most cases your immediate supervisor and/or Human Resources manager is in the best position to address any questions or area of concern you may have. However,

anyone may forward a complaint or report a violation on a confidential or anonymous basis through Granite's Compliance Helpline at (800) 211-4226 or online at www.granite.alertline.com.

For more information regarding the Company's *Whistleblower Policy* and procedures, please refer to the Granite Management System.



Procedures

Getting Help

All directors, officers, and employees have a responsibility to read, understand, and follow our Code of Conduct. Remember, this is only the starting point. Our Code does not attempt to address every situation you might encounter in your job. So where do you turn for help?

Most of the procedures and policies noted in the Compliance section of our Code can be found on the Company's intranet or in the Granite Management System.

Your first resource is your immediate supervisor to answer your questions or contact a Company resource who can. But, if you feel your situation would make

it impossible or uncomfortable to approach your immediate supervisor, you should go to your next level of management, the Corporate Compliance Officer, or your local Human Resources manager. At any time you may visit www.granite.alertline.com, call the Granite Compliance Helpline at (800) 211-4226, or contact another appropriate resource for advice.

The Granite Compliance Helpline is answered 24 hours a day, seven days a week, by an outside service. When you call, you will be asked for the general nature of your concern so that your call can be properly handled. You may call anonymously.

Discipline

All employees are expected to read, understand, and comply with our Code of Conduct. Violations of law, this Code, and other Company policies and procedures can lead to disciplinary action up to and including termination. Supervisors, managers, and officers can also be subject to discipline if they condone, permit, or have knowledge of illegal, unethical, or other improper conduct and do not take appropriate action.

The Company will not tolerate retaliation against anyone who, in good faith, uses the Granite Compliance Helpline or otherwise reports or raises questions regarding potentially illegal, unethical or improper conduct. The Company's disciplinary procedures are detailed in the *Disciplinary Policy* located in the Human Resources section of the Granite Management System.

IF A GRANITE EXECUTIVE OFFICER OR DIRECTOR EVER BELIEVES THAT A WAIVER OF ANY OF THESE STANDARDS IS APPROPRIATE, A WAIVER GRANTED TO AN EXECUTIVE OFFICER OR DIRECTOR CAN BE APPROVED ONLY BY THE FULL BOARD OR A BOARD COMMITTEE AND WILL EITHER BE POSTED ON GRANITE'S EXTERNAL WEBSITE OR DISCLOSED ON FORM 8-K WITHIN FIVE (5) BUSINESS DAYS.



Appendix

Resources

Corporate Headquarters: (831) 724-1011

Compliance Helpline: (800) 211-4226

Compliance Alertline Program: www.granite.alertline.com

Contacts

Please call **(831) 724-1011** to reach any of the following contacts:

Audit Committee Chair

Senior Vice President, General Counsel & Corporate Compliance Officer

Senior Vice President of Human Resources

Director of Internal Audit

Code of Conduct Certification

As a Granite employee and as applicable to my work responsibilities:

1. I will deal fairly and ethically with Granite¹ and on Granite's behalf in all matters and will at all times proactively promote ethical behavior.
2. I will avoid actual or apparent conflicts with Granite's interests.
3. I will not (a) take for myself personally any opportunities that are discovered through the use of Granite property, information, or position; (b) use Granite property, information, or position for personal gain; and (c) compete with Granite.
4. I will protect Granite's assets and promote their efficient and legitimate business use.
5. Without exception, I will comply with all applicable laws, rules, and regulations, including insider trader laws.
6. I will promptly report any illegal or unethical conduct to Granite management or other appropriate authorities.

I have read the Granite Code of Conduct and do certify that:

- I understand the Granite Code of Conduct.
- I understand that I have the responsibility to ask questions, seek guidance, and report suspected violations of the Code.
- To the best of my knowledge, I am in compliance with the Granite Code of Conduct.
- I will continue to comply with the Granite Code of Conduct.
- I understand that the Company reserves the right to change, rescind, and add to the Granite Code of Conduct at its sole and absolute discretion and may do so at any time in writing or otherwise.

Employee Signature

Date

Print Name

Job Location

¹Includes Granite Construction Incorporated and its subsidiaries

