

# Granite Construction Requests Termination of Contract for Highway Project in Oregon

WATSONVILLE, Calif., April 11 /PRNewswire-FirstCall/ -- Granite Construction Incorporated (NYSE: GVA) announced that Granite Construction Company, a wholly owned subsidiary, has formally requested that the Oregon Department of Transportation ("ODOT") terminate its contract to build the US 20 Pioneer Mountain to Eddyville Design-Build project. The \$130 million contract was awarded in July 2005 to Yaquina River Constructors ("YRC"), a joint venture of Granite and its majority-owned subsidiary, Wilder Construction Company.

While clearing and excavating the site, numerous and massive landslides throughout the seven-mile project site were discovered. Some of these landslides are at critical sections of the project, including under bridge abutments. The additional costs and time associated with these slides is currently estimated to be approximately \$61 million and would add two years to the duration of the project. After conferring with ODOT on the most cost effective way to deal with these differing site conditions, Granite requested that ODOT terminate the original contract with YRC. ODOT responded in writing that it is willing to consider a negotiated contract termination. The agency will discuss the proposal with YRC in the coming weeks to determine if termination would be in the best interests of Oregon taxpayers.

"We do not believe that either YRC or ODOT could ever have known the extent or location of these massive ancient landslides until the site was cleared and construction was underway," said Mark E. Boitano, Granite Chief Operating Officer. "We feel that by terminating the original Design-Build contract, ODOT will have more flexibility to address the landslide issues separately. Subsequently, ODOT can re-bid the work without having to incur the cost of delays and the accompanying overhead the project is now experiencing. The project design is approximately 98% complete, which will benefit ODOT going forward."

The scope of the original contract included the construction of at least eight new structures over creeks, rivers and a railroad and also included construction of retaining walls, culverts and drainage improvements. The project was originally scheduled to be completed in December 2009.

## About Granite

Granite Construction Incorporated is a member of the S&P 400 Midcap Index, the Domini 400 Social Index and the Russell 2000. Granite Construction Company, a wholly owned subsidiary, is one of the nation's largest diversified heavy civil contractors and construction materials producers. Granite Construction serves public and private sector clients through its offices nationwide. For the 4th straight year, Granite was named to FORTUNE'S List of 100 Best Companies to Work For. For more information about the company, please visit their website at [www.graniteconstruction.com](http://www.graniteconstruction.com).

This press release contains forward-looking statements, within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which represents our management's beliefs and assumptions concerning future events such as statements related to the existence of bidding opportunities and economic conditions on the Company's future results. Additionally, forward-looking statements include statements that can be identified by the use of forward-looking terminology such as "believes," "expects," "appears," "may," "will," "should," "look for," or "anticipates," or the negative thereof or comparable terminology, or by discussions of strategy.

SOURCE Granite Construction Incorporated