



GRANITE CONSTRUCTION INCORPORATED COMPENSATION COMMITTEE CHARTER

I. Statement of Purpose

The Compensation Committee is a standing committee of the Board of Directors. The purpose of the Committee is to discharge the responsibility of the Board of Directors relating to compensation of the Company's directors, the Chief Executive Officer and non-CEO executive officers and related matters. The Committee shall also prepare a report on executive compensation for inclusion in the Company's proxy statement.

II. Organization

- A. Charter.** At least annually, this charter shall be reviewed and reassessed by the Committee and any proposed changes shall be submitted to the Board of Directors for approval.
- B. Members.** The members of the Committee shall be appointed by the Board of Directors and shall meet the independence requirements of applicable law and the listing standards of the New York Stock Exchange. In addition, the members must meet the requirements of a non-employee director for purposes of Section 16 of the Securities Exchange Act of 1934. The Committee shall consist of at least three members. Committee members may be removed by the Board of Directors. The Board of Directors shall also designate a Committee Chairperson; other officers of the Committee, if any, shall be elected by members of the Committee.
- C. Meetings.** In order to discharge its responsibilities, the Committee shall each year establish a schedule of meetings; additional meetings may be scheduled as required.
- D. Quorum; Action by Committee.** A quorum at any Committee meeting shall be at least one-third of the members but in any event no less than two members of the Committee. All determinations of the Committee shall be made by a majority of its members present at a meeting duly called and held. Any decision or determination of the Committee reduced to writing and signed or approved by email or similar electronic media or device by all of the members of the Committee shall be fully as effective as if it had been made at a meeting duly called and held.
- E. Agenda, Minutes and Reports.** The Chairperson of the Committee shall be responsible for establishing the agendas for meetings of the Committee. An agenda, together with materials relating to the subject matter of each meeting, shall be sent to members of the Committee prior to each meeting. Minutes for all meetings of the Committee shall be prepared to document the Committee's discharge of its responsibilities. The minutes shall be circulated in draft form to all Committee members to ensure an accurate final record and shall be approved at a subsequent

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

F. Performance Evaluation. The Committee shall evaluate its performance on an annual basis.

III. Responsibilities

The following shall be the principal responsibilities of the Committee:

- A. Goals and Objectives.** The Committee shall review and approve periodically, but no less frequently than annually, the Company's goals and objectives relevant to compensation of the Chief Executive Officer and the other executive officers, including the balance between short-term compensation and long-term incentives. The Committee shall evaluate the performance of the Chief Executive Officer and the other executive officers in light of those goals and objectives and shall set the compensation level of the Chief Executive Officer and the other executive officers based on such evaluation. The Chief Executive Officer may be present for the voting or deliberations regarding the compensation of the other executive officers, but may not be present during the voting for or deliberations about the Chief Executive Officer's compensation.
- B. Compensation Levels.** The Committee shall establish the compensation level (including base and incentive compensation) and direct and indirect benefits of the Chief Executive Officer and the other executive officers. In determining the long-term incentive compensation, the Committee shall consider, among other factors it deems appropriate from time to time, the Company's performance and relative stockholder return (or other criteria) during such periods as the Committee may deem appropriate, the value of similar incentive awards to persons holding comparable positions at comparable companies and the awards given to executive officers in prior years. The Chairperson of the Committee shall be responsible for communicating to the Chief Executive Officer the evaluation of the performance of the Chief Executive Officer conducted by the Committee and the level of compensation approved for the Chief Executive Officer.
- C. Post-Service or Change in Control Arrangements.** The Committee shall review and approve the post-service and/or change in control arrangements and benefits of the Chief Executive Officer and the other executive officers and shall evaluate their reasonableness in light of practices at comparable companies and any benefits received by the Company in connection with such arrangements.
- D. Incentive Compensation Plans.** The Committee shall make recommendations to the Board of Directors with respect to equity-based plans and any cash incentive plans in which directors or executive officers are eligible to participate. The Committee shall grant awards under any equity-based plan implemented by the Company and otherwise discharge any responsibilities imposed on the Committee by any of these plans.

- E. Appointment and Monitoring of Named Fiduciaries.** With respect to any funded employee benefit plan covering employees of the Company subject to the fiduciary responsibility provisions of the Employee Retirement Income Security Act of 1974, the Committee shall have the authority to appoint and terminate the named fiduciary or named fiduciaries of such plan and shall monitor their performance, unless such fiduciaries are specified in the constituent plan documents.
- F. Evaluation of Compensation Program.** The Committee shall review on a periodic basis the operation of the Company's compensation program to evaluate its coordination and execution and shall recommend to the Board of Directors steps to modify compensation programs that provide benefits or payments that are not reasonably related or are disproportionate to the benefits received by the Company.
- G. Perquisite Policies.** The Committee shall establish and review periodically policies with respect to Chief Executive Officer and other executive officer perquisites.
- H. Director Compensation and Perquisites.** The Committee shall advise the Board of Directors with respect to proposed changes in Board of Directors or committee compensation, as well as director retirement policies and programs and perquisites, but not less frequently than biannually. In considering director compensation and perquisites, the Committee may take into consideration the relative responsibilities of directors in serving on the Board of Directors and its various committees. The Committee may request that management report to the Committee periodically on the status of the compensation and perquisites of the Board of Directors in relation to other similarly situated companies. Directors who are Company employees shall not be compensated for their services as directors.
- I. Conflicts of Interests.** The Committee shall evaluate conflicts of interest (if any) with any compensation consultant.
- J. Risk Management.** The Committee shall review the Company's compensation practices to determine whether any risks associated with such practices are reasonably likely to have a material adverse effect on the Company.
- K. Annual CD&A and Compensation Committee Report.** The Committee shall review and discuss with management the Compensation Discussion and Analysis section of the Company's proxy statement and produce a report on executive compensation for inclusion in the Company's proxy statement, all in accordance with applicable rules and regulations.
- L. Stockholder Advisory Votes.** The Committee shall oversee the Company's compliance with SEC rules and regulations regarding stockholder approval of certain executive compensation matters, including advisory votes on executive compensation and the frequency of such votes.

- M. Clawback and Recoupment.** The Committee shall recommend to the Board of Directors the adoption or revision of any clawback policy allowing the Company to recoup compensation paid to employees. The Committee shall oversee, administer and implement any clawback policy adopted by the Board of Directors and take all actions required by such policies as the Committee determines necessary, appropriate or desirable.
- N. Stock Ownership Guidelines.** The Committee shall review annually any stock ownership guidelines applicable to directors and executive officers and shall recommend to the Board of Directors revisions to any such guidelines as appropriate.

IV. General

- A. Resources and Authority.** The Committee may, in its sole discretion, retain or obtain the advice of a compensation consultant, independent legal counsel or other adviser. The Committee will be directly responsible for the appointment, compensation and oversight of the work of any compensation consultant, independent legal counsel or other adviser retained by the Committee, including the sole authority to retain and terminate such advisers. The Committee will have appropriate resources and authority to discharge its responsibilities, including appropriate funding provided by the Company and in such amount as determined by the Committee, for payment of reasonable compensation to any compensation consultants, independent legal counsel or other advisers retained by the Committee.

In discharging its responsibilities, the Committee shall have full access to any relevant records of the Company. The Committee may also request that any officer or other employee of the Company, the Company's outside counsel or any other person meet with any members of, or consultants to, the Committee.

- B. Delegation.** The Committee may delegate any of its responsibilities to a subcommittee consisting of members of the Committee.
- C. Other Delegated Responsibilities.** The Committee shall also carry out such other duties that may be delegated to it by the Board of Directors from time to time.
- D. Compensation Adviser Independence Evaluation.** The Committee may select a compensation consultant, legal counsel (other than in-house legal counsel) or other adviser only after taking into consideration all factors relevant to that person's independence from management, including the following: (i) the provision of other services to the Company by the person that employs the compensation consultant, legal counsel or other adviser; (ii) the amount of fees received from the Company by the person that employs the compensation consultant, legal counsel or other adviser, as a percentage of the total revenue of the person that employs the compensation consultant, legal counsel or other adviser; (iii) the policies and procedures of the person that employs the compensation consultant, legal counsel or other adviser that are

designed to prevent conflicts of interest; (iv) any business or personal relationship of the compensation consultant, legal counsel or other adviser with a member of the Committee; (v) any stock of the Company owned by the compensation consultant, legal counsel or other adviser; and (vi) any business or personal relationship of the compensation consultant, legal counsel, other adviser or the person employing the adviser with an executive officer of the Company as well as any other factors required by applicable exchanges and/or the Securities Exchange Act of 1934 and corresponding rules that may be amended from time to time.