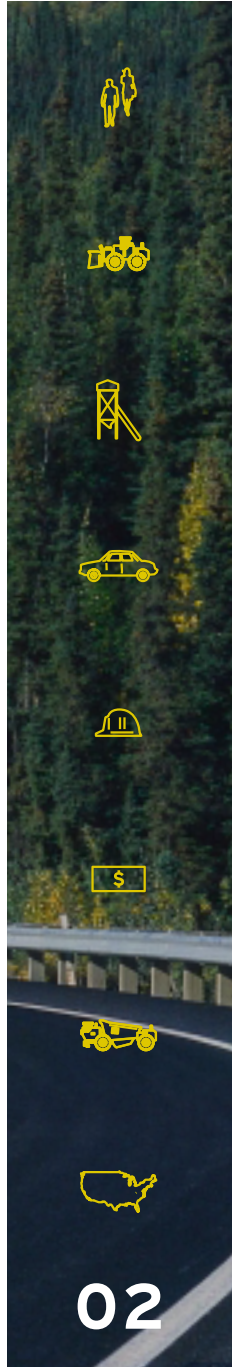


INFRASTRUCTURE IS MORE THAN A ROAD



INFRASTRUCTURE IS OPPORTUNITY



*In joint venture with Bombardier Transit Corporation. Dollar amount represents Granite's portion of the \$343 million contract.

To Our Shareholders,

Granite's strategic focus on transportation infrastructure helped us to achieve significant growth in 2002 during another tough year for the American economy. Our business model of diversification among customers and market sectors has proven successful in this difficult economic environment. Our year-end backlog grew to a record \$1.9 billion and revenue increased 14%, including the positive contribution from our newly consolidated investment in Wilder Construction Company.



David H. Watts
Chairman of the Board and
Chief Executive Officer

Las Vegas Monorail
Las Vegas, Nevada
\$153 million*

Our Company continues to grow and make progress on its strategic plan. Although the new Granite Halmar subsidiary had a difficult year with a noticeable impact on our 2002 earnings, the future looks very bright. The greater New York City market is very attractive. The sorely needed rehabilitation of the city's infrastructure is finally receiving adequate funding. The commitment of significant funds to transportation infrastructure has provided Granite Halmar with outstanding bidding opportunities, some of which have already turned into potentially profitable contracts in our record backlog. Many have yet to be bid and the list of bidding opportunities is a long one. In our view, we have made a successful entry into the single most attractive market in the country. We are pleased with the progress of our New York team and are optimistic about their future success. It will become increasingly obvious in 2003 and 2004 that Granite Halmar is the right step in the right direction at the right time.

Around the country we have excellent bidding opportunities on large infrastructure projects, many of them design-build. These large projects have a long development pipeline with funding already in place. We anticipate that this positive momentum will continue to fuel the Heavy Construction Division's (HCD) long-term growth and earnings opportunities in the coming years. However, smaller transportation projects are impacted quickly by a reduction in public sector funding. Our branches, which depend on these smaller projects, are witnessing a noticeable reduction in bidding opportunities, and an equally noticeable increase in the number of bidders on those projects being advertised. We believe this difficult bidding environment for our Branch Division will continue for another year.

The current economic environment has also impacted the private sector and the amount of site work we perform for that market. It has also reduced the general fund revenues at the state and local levels. Indeed, many of the states in which we operate are struggling with record-sized deficits, particularly California, our largest market. As gas tax receipts have risen slightly from the previous year, states have looked to healthy transportation accounts in order to partially cover their deficits. It is our concern that this situation may continue throughout 2003 and into 2004. Transportation funding problems at the state and local levels are, in our view, the most challenging factors influencing the short-term rate of growth of our company.

Despite these hurdles, our expectation is that HCD will produce record operating income in 2003, compensating in large part for the lower operating results anticipated by our Branch Division. It is this ability to diversify projects, customers and geographic markets that allows us to better withstand fluctuations in the economy and to mitigate the risks that are inherent in our business. More specifically, while the nature of the projects performed by the branches is short-term "turn business",

the larger and longer duration projects undertaken by HCD provide us with more long-term visibility and consistency in earnings. It is this difference that helps to make what is naturally an unpredictable business more predictable.

Also on the agenda for 2003 is the renewal or replacement of TEA-21, the federal transportation funding bill, which expires September 30th. It seems likely that the current year appropriations will be at the same solid level as last year's funding. Although any increased authorization in the new transportation bill will likely see tough sledding in the face of very large federal budget deficits, there continues to be strong bipartisan support to increase the authorized funding in future years.

Internally, significant progress has been made in our Employee Development Initiative (EDI), which is in its third year. Tough economic times place a premium on having talented, well-trained people who are motivated to produce a consistently good return for our shareholders. Our Employee Development Initiative is maturing well and despite the long-term nature of our EDI objectives, we are already experiencing noticeable results in many locations. We are expanding learning activities and embedding them in our operations at all levels.

Granite is guided by a strong set of corporate values and a Code of Conduct dating back to the early years in the Company's history. Consistent with our corporate values of trust, honesty, integrity, responsibility and accountability, we uphold the highest standards of corporate governance. These principles are the essential underpinnings of the broad operating strategies that have led to Granite's enduring success.

While we are cautious about our prospects in the short term, we continue to see exciting opportunities for significant, long-term growth and believe that the need to rebuild the nation's aging transportation infrastructure grows more critical by the day. Our focus on heavy civil construction and, in particular, transportation facilities, will continue to serve us well in the future. Our backlog going into 2003 is of high quality, we believe, and should yield the results that you have come to expect.

Speaking for our Board of Directors and Granite's management, I want to thank all of our hard working and talented employees for coming through time and time again. I also want to express our appreciation to our loyal stockholders, whose support is never taken for granted and in whose interest we serve each day.



David H. Watts
Chairman of the Board and Chief Executive Officer

INFRASTRUCTURE IS A SYSTEM THAT CONNECTS



An aerial view across a community reveals the way roads, bridges and tunnels connect us to our homes and neighborhoods, businesses and schools. Granite builds almost every component of this infrastructure, from a highway that spans the country, to an airport runway, to a lock in a canal, to a driveway or street in a new development. With over 3,500 projects worked on each year, Granite's two operating divisions, the Branch Division and the Heavy Construction Division (HCD), serve both the public and private sectors. The Branch Division represented 67 percent of 2002 revenues and includes 11 offices that serve local markets across the West. Wilder Construction Company, which became a majority-owned subsidiary in 2002, has offices in Alaska, Washington and Oregon. HCD is composed of regional offices throughout the U.S. and focuses on larger, more complex heavy civil construction projects that are of longer duration than Branch projects. By undertaking a broad range of projects, Granite capitalizes on opportunities offered by a wide variety of customers and markets. Diversification by geographic markets, project size and client type provides Granite and its stockholders with a solid foundation for growth and consistency of performance.



Palm Springs, California



Increase in vehicle miles traveled from 1990 to 2000—2.1 to 2.7 trillion



Percent by which travel increased on U.S. freeways, from 1990 to 2000—38

Percent by which freeway lane mileage has increased during same period—8

INFRASTRUCTURE IS DESIGN AND BUILD



Granite continues to be a leader in the Design-Build method of project delivery—leading or participating on teams that have built more than \$4 billion in Design-Build projects over the last decade. Design-Build, a growing trend in the construction industry, is a process in which one entity, the Design-Build team, performs architecture/engineering and construction services under a single contract. Granite teams with designers and other contractors to design and construct a project, thereby accelerating the production schedule while at the same time delivering a high quality project to the owner. Public agencies are increasing their use of the Design-Build approach to complete quality projects on a timely, cost-effective basis. Everything about Granite is supportive of this approach, from our skills at partnering and collaboration to our vertical integration from materials through finished work. At the end of 2002, Design-Build contracts represented over 39 percent of the Heavy Construction Division’s backlog and is a key element of Granite’s long-term growth strategy.



Hathaway Bridge
Panama City, Florida
\$86 million*



Number of Design-Build contracts in
2002 year end backlog—13



Percent of 2002 revenue
represented by Design-Build
contracts—17.5

INFRASTRUCTURE IS RAW MATERIALS



Granite's Branch Division owns and operates more than 158 materials processing plants throughout the western United States, providing the foundation for Granite's vertical integration of road-building materials with our construction services. Mining sand, gravel and hard rock and manufacturing aggregates, ready-mix concrete and asphalt concrete provides a competitive advantage as well as an additional source of revenue when sold into the retail marketplace. Approximately half of what the Company produces is used internally while the remainder is sold to outside customers. Using its own materials enables Granite to ensure availability to its projects at the right price—a key competitive advantage that few in our industry enjoy. As permitting material reserves becomes more difficult and their value increases, we are committed to increasing our inventory of construction material reserves at both new and existing locations. Granite's aggregate business is an integral part of our business strategy and one which we intend to grow in the years to come.



Wilder CPP Palmer Pit
Palmer, Alaska



Number of materials
processing plants—158

Materials inventory goal
per branch—30 years

Percent of materials sold to
outside customers—50



Percent of Granite's
revenue represented by outside
materials sales—13

INFRASTRUCTURE IS THE CONTRACTOR AND ITS PEOPLE



*In partnership with The Lane Construction Corporation and Slattery Skanska Inc. Dollar amount represents Granite's portion of the \$218 million contract.

For over 80 years, Granite has worked hard to build a strong, versatile company. As a result, Granite has created a unique and powerful organization whose quality focus is welcomed by government agencies and other contractors who need a competent, reliable partner for large, multidisciplinary projects. Central to this strength is hiring quality people and providing long-term personal and professional growth. Now in the third year of our Employee Development Initiative, we have seen a renewed expansion of learning and improvement of operations by the people doing the work. Granite's leadership takes a prudent, long-term approach to managing the business. Because our reputation is so important, we encourage ethical decision-making throughout the organization. With honesty, integrity and accountability as core values, the people of Granite have built a reputation of trust and reliability, making Granite recognized as one of the most admired companies in our industry.



Blue Line Metrorail
Prince George's County, Maryland
(Washington D.C. Metro)
\$65 million*

Size of Granite's
construction fleet—7,625

Number of Granite salaried
employees in 2002—1,780

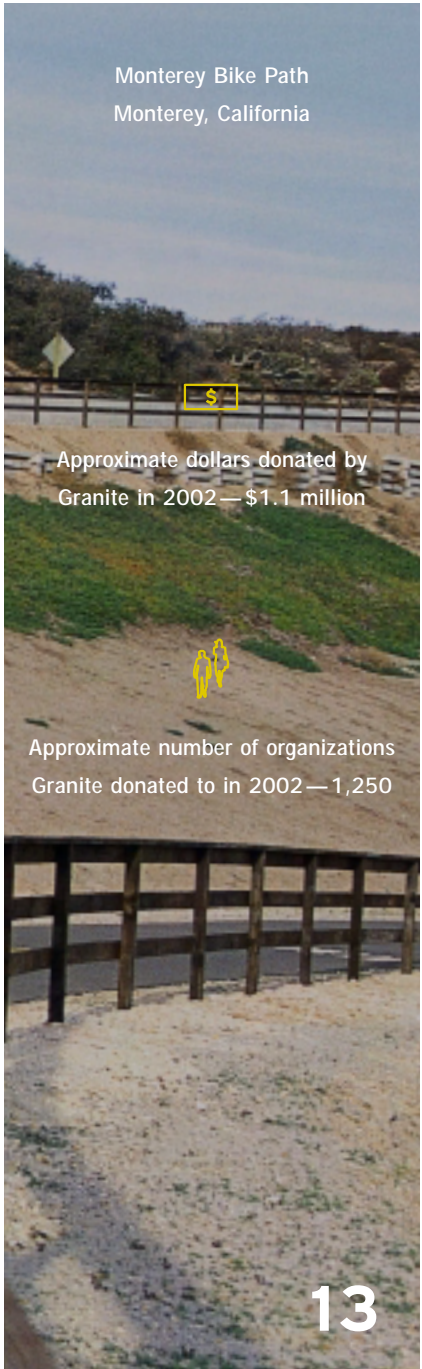
Average number of Granite hourly
employees in 2002—4,290

Average tenure of Granite's
600 managers—10 years

INFRASTRUCTURE IS SOCIAL AND ECONOMIC IMPROVEMENT



On projects underway all across the country, Granite is engaged in building the physical, economic and social fabric of many communities. We understand that well-designed and built infrastructure provides for vibrant and buoyant communities in which members feel a sense of ownership and pride. While building the infrastructure that safely holds and enables our varied lifestyles, Granite's employees are strongly encouraged to actively engage in serving their communities' needs in multiple ways, but particularly in service to learning and youth development programs. Since our earliest days under the values-based leadership of founder Walter Wilkinson, our employees' commitment to serving others versus self-interest has created great pride and a sense of purpose that leaves a beneficial impact on communities long after the crews and equipment have moved on.



Monterey Bike Path
Monterey, California

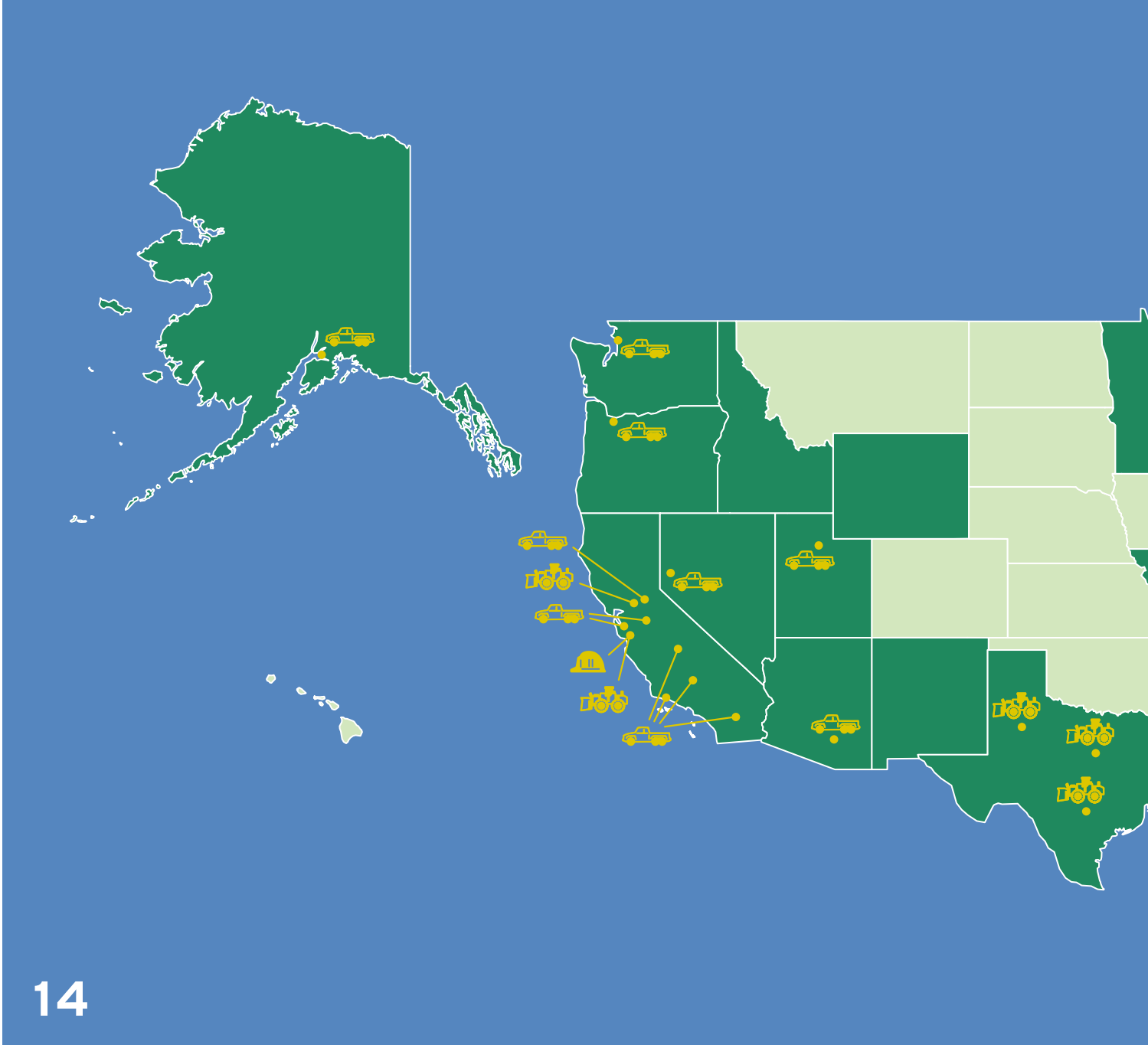


Approximate dollars donated by
Granite in 2002 — \$1.1 million

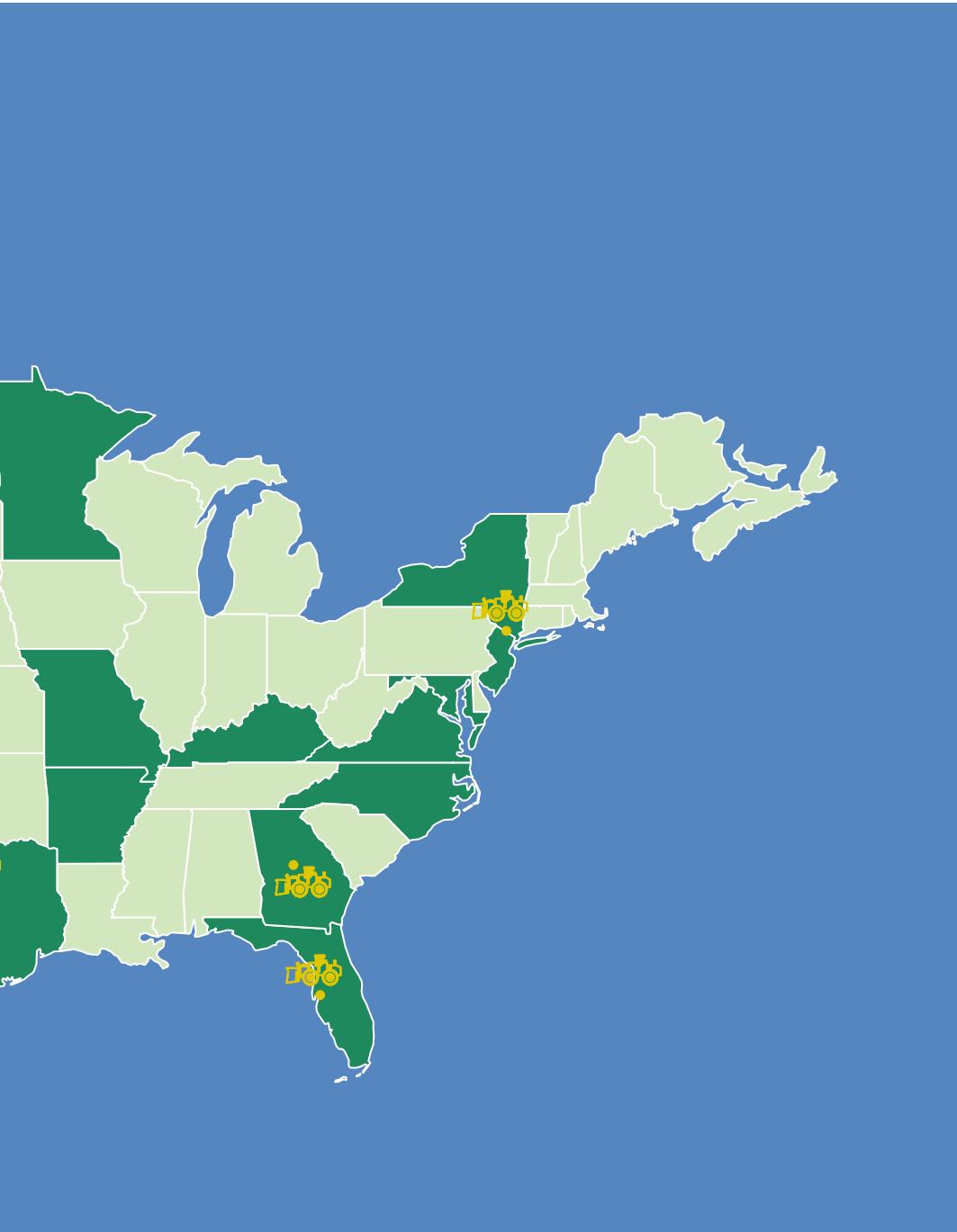


Approximate number of organizations
Granite donated to in 2002 — 1,250

INFRASTRUCTURE IS GRANITE CONSTRUCTION



The demand for transportation infrastructure continues to grow as the nation's population grows. As populations shift to areas like the south and west, and as old infrastructure is updated or replaced, Granite is well-positioned in states like Florida, Texas, Arizona, Nevada and California where population is growing and infrastructure budgets attempt to keep pace with demand. In other states like New York, Oregon, Washington and Alaska, Granite is updating rail and mass transit systems, resurfacing roads, repairing utilities, supporting the development of additional housing and providing raw materials for the construction of roads. With a backlog of \$1.9 billion, an established presence in key growth markets, and a broad and growing set of capabilities, Granite is positioned to take advantage of the many opportunities that lie ahead.



Granite Construction Locations

Legend



Headquarters



Heavy Construction Division Office



Branch Division



Current Project States

FOUNDED IN 1922, GRANITE CONSTRUCTION BUILDS ROADS, TUNNELS, BRIDGES, AIRPORTS AND OTHER INFRASTRUCTURE-RELATED PROJECTS USED BY MILLIONS OF PEOPLE. IN ADDITION, GRANITE PRODUCES SAND, GRAVEL, READY-MIX AND ASPHALT CONCRETE AND OTHER CONSTRUCTION MATERIALS. UNUSUAL AMONG LARGE CONTRACTORS, GRANITE HANDLES BOTH LARGE AND SMALL JOBS EQUALLY WELL THROUGH ITS TWO OPERATING DIVISIONS. THE BRANCH DIVISION SERVES LOCAL MARKETS IN THE WEST AND BUILDS SMALLER, SHORTER DURATION PROJECTS. THE HEAVY CONSTRUCTION DIVISION BUILDS LARGER, MORE COMPLEX PROJECTS NATIONWIDE.

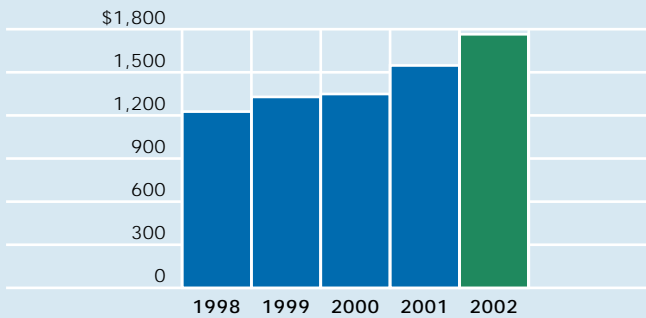
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Granite's ranking on *Fortune's* 2003
Most Admired Companies in the
Engineering and Construction Industry

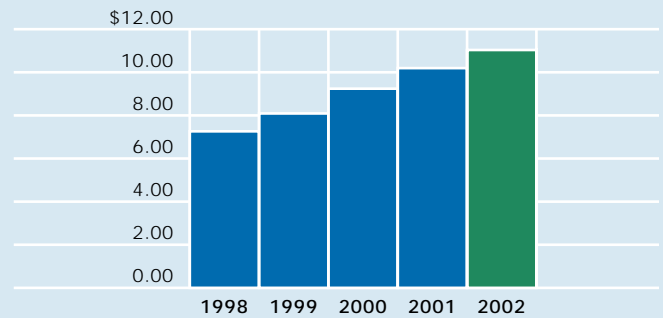
127

Granite's 2003 ranking on
Forbes' Platinum 400 list of America's
Best Big Companies

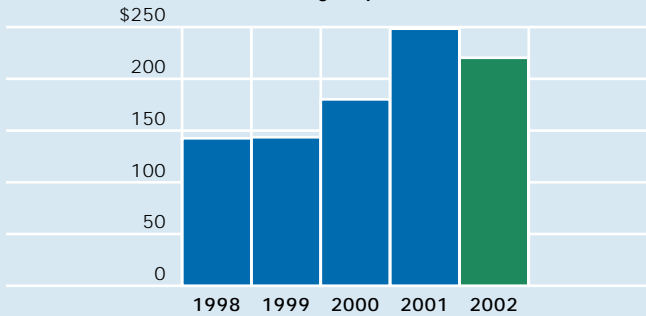
Revenue In Millions



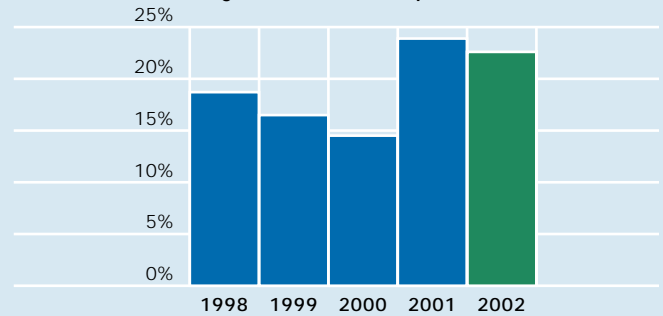
Book Value Per Share



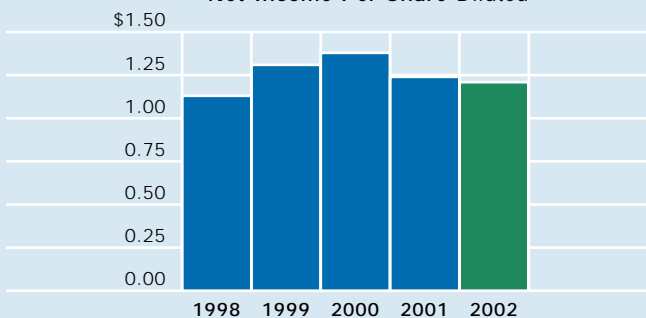
Working Capital In Millions



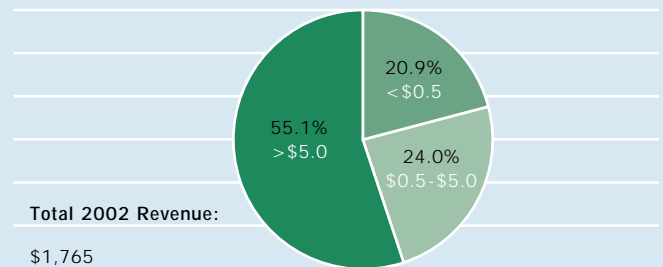
Long-term Debt to Capitalization



Net Income Per Share Diluted



Diversity of Contract Value as a Percent of Revenue In Millions



SELECTED CONSOLIDATED FINANCIAL DATA

Years Ended December 31,	2002	2001	2000	1999	1998
(In Thousands, Except Per Share Data)					
Operating Summary					
Revenue	\$ 1,764,742	\$ 1,547,994	\$ 1,348,325	\$ 1,328,774	\$ 1,226,100
Gross profit	224,584	183,616	190,618	179,201	153,092
As a percent of revenue	12.7%	11.9%	14.1%	13.5%	12.5%
General and administrative expenses	146,467	119,282	105,043	94,939	83,834
As a percent of revenue	8.3%	7.7%	7.8%	7.1%	6.8%
Net income	49,279	50,528	55,815	52,916	46,507
As a percent of revenue	2.8%	3.3%	4.1%	4.0%	3.8%
Net income per share:					
Basic	\$ 1.23	\$ 1.27	\$ 1.41	\$ 1.35	\$ 1.17
Diluted	1.21	1.24	1.38	1.31	1.13
Weighted average shares of common and common stock equivalents outstanding:					
Basic	40,016	39,794	39,584	39,087	39,839
Diluted	40,723	40,711	40,409	40,445	41,009
Financial Position Summary					
Total assets	\$ 983,819	\$ 929,684	\$ 711,142	\$ 679,572	\$ 626,571
Cash, cash equivalents and marketable securities	182,694	193,233	100,731	108,077	121,424
Working capital	220,396	248,413	180,051	143,657	142,448
Current maturities of long-term debt	8,640	8,114	1,130	5,985	10,787
Long-term debt	132,380	131,391	63,891	64,853	69,137
Stockholders' equity	454,869	418,502	377,764	327,732	301,282
Book value per share	\$ 11.03	\$ 10.19	\$ 9.24	\$ 8.09	\$ 7.26
Dividends per share	0.32	0.32	0.29	0.27	0.20
Common shares outstanding	41,257	41,089	40,882	40,494	41,474
Backlog	\$ 1,856,451	\$ 1,377,172	\$ 1,120,481	\$ 793,256	\$ 901,592

Refer to the Granite 2002 Annual Report on Form 10-K for a complete set of consolidated financial statements and their accompanying notes that are an integral part of the above financial statements.

CONSOLIDATED STATEMENTS OF INCOME

Years Ended December 31,	2002	2001	2000
(In Thousands, Except Per Share Data)			
Revenue:			
Construction	\$ 1,537,009	\$ 1,358,124	\$ 1,188,430
Material sales	227,733	189,870	159,895
Total revenue	1,764,742	1,547,994	1,348,325
Cost of revenue:			
Construction	1,351,570	1,209,968	1,020,317
Material sales	188,588	154,410	137,390
Total cost of revenue	1,540,158	1,364,378	1,157,707
Gross profit	224,584	183,616	190,618
General and administrative expenses	146,467	119,282	105,043
Operating income	78,117	64,334	85,575
Other income (expense):			
Interest income	10,048	10,806	11,646
Interest expense	(9,162)	(8,829)	(8,954)
Gain on sales of property and equipment	2,128	8,917	2,584
Other, net	1,608	6,269	2,019
	4,622	17,163	7,295
Income before provision for income taxes and minority interest	82,739	81,497	92,870
Provision for income taxes	29,951	30,969	37,055
Income before minority interest	52,788	50,528	55,815
Minority interest in consolidated subsidiary	(3,509)	—	—
Net income	\$ 49,279	\$ 50,528	\$ 55,815
Net income per share			
Basic	\$ 1.23	\$ 1.27	\$ 1.41
Diluted	\$ 1.21	\$ 1.24	\$ 1.38
Weighted average shares of common stock			
Basic	40,016	39,794	39,584
Diluted	40,723	40,711	40,409
Dividends per share	\$ 0.32	\$ 0.32	\$ 0.29

Refer to the Granite 2002 Annual Report on Form 10-K for a complete set of consolidated financial statements and their accompanying notes that are an integral part of the above financial statements.

CONSOLIDATED BALANCE SHEETS

December 31,	2002	2001
(In Thousands, Except Share and Per Share Data)		
Assets		
Current assets		
Cash and cash equivalents	\$ 52,032	\$ 125,174
Short-term marketable securities	96,900	68,059
Accounts receivable, net	265,896	277,684
Costs and estimated earnings in excess of billings	42,966	49,121
Inventories	29,984	19,746
Deferred income taxes	23,056	13,185
Equity in construction joint ventures	24,329	23,073
Other current assets	12,732	10,874
Total current assets	547,895	586,916
Property and equipment, net	347,963	262,423
Long-term marketable securities	33,762	—
Investments in affiliates	18,970	50,094
Other assets	35,229	30,251
	\$ 983,819	\$ 929,684
Liabilities and Stockholders' Equity		
Current liabilities		
Current maturities of long-term debt	\$ 8,640	\$ 8,114
Accounts payable	118,813	129,515
Billings in excess of costs and estimated earnings	105,725	114,991
Accrued expenses and other current liabilities	94,321	85,883
Total current liabilities	327,499	338,503
Long-term debt	132,380	131,391
Other long-term liabilities	13,742	10,026
Deferred income taxes	40,011	31,262
Commitments and contingencies		
Minority interest in consolidated subsidiary	15,318	—
Stockholders' equity		
Preferred stock, \$0.01 par value, authorized 3,000,000 shares, none outstanding	—	—
Common stock, \$0.01 par value, authorized 100,000,000 shares; issued and outstanding 41,257,015 shares in 2002 and 41,089,487 in 2001	413	411
Additional paid-in capital	69,390	62,380
Retained earnings	398,383	367,546
Accumulated other comprehensive loss	(1,402)	(440)
	466,784	429,897
Unearned compensation	(11,915)	(11,395)
	454,869	418,502
	\$ 983,819	\$ 929,684

Refer to the Granite 2002 Annual Report on Form 10-K for a complete set of consolidated financial statements and their accompanying notes that are an integral part of the above financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOW

Years Ended December 31,	2002	2001	2000
(In Thousands)			
Operating Activities			
Net income	\$ 49,279	\$ 50,528	\$ 55,815
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation, depletion and amortization	58,668	50,017	44,624
Gain on sales of property and equipment	(2,128)	(8,917)	(2,584)
Change in deferred income taxes	(3,311)	5,665	2,245
Gain on sale of investment	—	—	(636)
Amortization of unearned compensation	5,798	4,973	5,901
Common stock contributed to ESOP	3,989	—	632
Change in minority interest	3,509	—	—
Equity in income of affiliates	(3,366)	(5,289)	(57)
Other	—	—	150
Changes in assets and liabilities, net of the effects of acquisitions:			
Accounts receivable	21,882	(10,973)	(11,287)
Inventories	(1,352)	(2,999)	(2,624)
Equity in construction joint ventures	(1,256)	2,078	5,460
Other assets	(616)	1,929	(1,933)
Accounts payable	(23,113)	(4,773)	(5,551)
Billings in excess of costs and estimated earnings, net	(6,204)	37,432	(15,598)
Accrued expenses and other liabilities	2,266	4,960	289
Net cash provided by operating activities	104,045	124,631	74,846
Investing Activities			
Purchases of marketable securities	(494,633)	(139,092)	(84,671)
Maturities of marketable securities	430,549	113,295	87,944
Additions to property and equipment	(57,415)	(65,265)	(52,454)
Proceeds from sales of property and equipment	6,029	14,790	4,691
Proceeds from sales of equity investments	13,051	—	5,000
Distributions from (investment in) affiliates, net	2,447	(7,753)	(21,220)
Advances to affiliates	—	(9,475)	—
Proceeds from repayment of advances to affiliates	—	6,375	—
Acquisition of businesses, net of cash received	(36,034)	(11,400)	—
Other investing activities	1,896	1,402	1,744
Net cash used by investing activities	(134,110)	(97,123)	(58,966)
Financing Activities			
Proceeds from long-term debt	5,547	103,000	—
Repayments of long-term debt	(25,195)	(48,048)	(5,817)
Stock options exercised	75	—	431
Repurchase of subsidiary common stock	(1,430)	—	—
Repurchase of common stock	(11,755)	(2,455)	(2,854)
Dividends paid	(13,197)	(12,590)	(11,713)
Proceeds from exercise of warrants	2,878	—	—
Net cash provided (used) by financing activities	(43,077)	39,907	(19,953)
Increase (decrease) in cash and cash equivalents	(73,142)	67,415	(4,073)
Cash and cash equivalents at beginning of year	125,174	57,759	61,832
Cash and cash equivalents at end of year	\$ 52,032	\$ 125,174	\$ 57,759
Supplementary Information			
Cash paid during the period for:			
Interest	\$ 9,604	\$ 6,709	\$ 6,387
Income taxes	28,599	25,071	28,060
Noncash investing and financing activity:			
Restricted stock issued for services	\$ 6,144	\$ 7,170	\$ 6,912
Dividends accrued but not paid	3,301	3,289	2,725
Subsidiary preferred stock exchanged for subsidiary common stock	3,299	—	—
Subsidiary notes payable issued in exchange for redemption of subsidiary common stock	1,868	—	—

Refer to the Granite 2002 Annual Report on Form 10-K for a complete set of consolidated financial statements and their accompanying notes that are an integral part of the above financial statements.

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors and Stockholders of Granite Construction Incorporated:

We have audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheets of Granite Construction Incorporated and its subsidiaries as of December 31, 2002 and 2001, and the related consolidated statements of income, of stockholders' equity and of cash flows for each of the three years in the period ended December 31, 2002 (not presented herein); and in our report dated March 11, 2003, except for Note 17 (Dividend), as to which the date is March 24, 2003, we expressed an unqualified opinion on those consolidated financial statements.

In our opinion, the information set forth in the accompanying consolidated balance sheets, statements of income and cash flows are fairly stated, in all material respects, in relation to the consolidated financial statements from which it has been derived.



PricewaterhouseCoopers LLP

San Jose, California

March 11, 2003

REPORT OF MANAGEMENT

The management of Granite Construction Incorporated is responsible for the preparation and fair presentation of its Consolidated Financial Statements, which have been prepared in conformity with generally accepted accounting principles, and include amounts based on the best judgment of management. The Company's management is also responsible for the accuracy and consistency of other financial information included in this Annual Report.

Management is responsible for maintaining a system of internal accounting controls and procedures to provide reasonable assurance at an appropriate cost/benefit relationship, that assets are safeguarded and transactions are authorized, recorded and reported properly. The internal accounting control system is augmented by a program of internal audits and appropriate reviews by management, written policies and guidelines and a written Code of Conduct adopted by our Board of Directors and applicable to all employees of the Company.

In fulfilling its oversight responsibilities, the Audit/Compliance Committee reviewed the audited financial statements in the Annual Report on Form 10-K with management including a discussion of the quality, not just the acceptability, of the accounting principles, the reasonableness of significant judgments, and the clarity of disclosures in the financial statements.

The Committee is comprised of four outside directors who have been determined to meet the independence, experience and financial literacy requirements of the NYSE and other applicable laws and regulations. The Committee discussed with our independent auditors the overall scope and plans for their audit. The Committee meets with the independent auditors, with and without management present, to discuss the results of their examination, their evaluation of Granite's internal controls, and the overall quality of our financial reporting.



David H. Watts
Chairman of the Board and Chief Executive Officer



William E. Barton
Senior Vice President and Chief Financial Officer

BOARD OF DIRECTORS



From left to right: Raymond E. Miles, Rebecca A. McDonald, Brian C. Kelly, Joseph J. Barclay, David H. Watts, Richard M. Brooks, George B. Searle, Linda Griego and J. Fernando Niebla

David H. Watts
Chairman of the Board and
Chief Executive Officer

Joseph J. Barclay
Former Chairman of the Board,
President and Chief Executive Officer,
Cascade Corporation

Richard M. Brooks
Financial Consultant

Linda Griego
President and Chief Executive Officer,
Griego Enterprises, Inc.

Brian C. Kelly
Construction Consultant

David H. Kelsey
Vice President and Chief Financial Officer,
Sealed Air Corporation
(as of January 31, 2003)

Rebecca A. McDonald
President, Houston Museum of
Natural Science

Raymond E. Miles
Trefethan Professor Emeritus and
former Dean Emeritus,
Walter A. Haas School of Business,
University of California, Berkeley

J. Fernando Niebla
President, International Technology
Partners L.L.C.

George B. Searle
President, Searle Associates, Inc.

CORPORATE OFFICERS

David H. Watts
Chairman of the Board and
Chief Executive Officer

William G. Dorey
President and Chief Operating Officer

Mark E. Boitano
Executive Vice President and Manager,
Branch Division

Patrick M. Costanzo
Senior Vice President and Manager,
Heavy Construction Division

William E. Barton
Senior Vice President and
Chief Financial Officer

Roxane C. Allbritton
Vice President and Treasurer

Michael Futch
Vice President, General Counsel and
Secretary

Garry M. Higdem
Vice President and Assistant Manager,
Heavy Construction Division

James H. Roberts
Vice President and Assistant Manager,
Branch Division

Michael L. Thomas
Vice President and Director of
Human Resources and
Corporate Social Responsibility

David R. Grazian
Director of Corporate Taxation and
Assistant Secretary

Mary McCann-Jenni
Controller and Assistant Secretary

Annual Stockholders' Meeting

Annual report and proxy statements are mailed on or about April 18, 2003. Granite's annual meeting of shareholders will be held at 10:30 a.m. on May 19, 2003 at the Embassy Suites, 1441 Canyon Del Rey, Seaside, California.

Common Stock Information

At March 12, 2003, there were 41.3 million shares outstanding and approximately 887 shareholders of record of Granite's common stock. On March 12, 2003, the last reported sale of common stock was \$14.98.

Dividend Policy

The Company expects to pay a quarterly cash dividend of \$0.10 per share of common stock payable on April 15, 2003 to shareholders of record March 28, 2003. Declaration and payment of dividends is within the sole discretion of the Company's Board of Directors, subject to limitations imposed by Delaware law, and will depend on the Company's earnings, capital requirements, and financial condition and other such factors as the Board deems relevant.

Company Contacts

Jacqueline Underdown
Investor Relations Manager
(831) 761-4741
Jacque.Underdown@gcinc.com

Registrar and Transfer Agent

Registrar and Transfer Company
10 Commerce Drive
Cranford, NJ 07016
(800) 368-5948

Form 10-K

A copy of the form 10-K, which is filed with the Securities and Exchange Commission, is available on our website or upon written request to:
Investor Relations
Granite Construction Incorporated
Box 50085
Watsonville, CA 95077-5085

Independent Accountants

PricewaterhouseCoopers LLP
Ten Almaden Blvd., Suite 1600
San Jose, CA 95113

Internet

An electronic version of this report can also be found on Granite's website located at www.graniteconstruction.com.

Forward-Looking Disclosure

This Annual Report contains "forward-looking statements" within the meaning of the Private Litigation Reform Act of 1995 regarding future events and the future results of Granite that are based on current expectations, estimates, forecasts, and projects as well as the beliefs and assumptions of Granite's management. Words such as "outlook," "believes," "expects," "appears," "may," "will," "should," "anticipates" or the negative thereof or comparable terminology, are intended to identify such forward-looking statements. These forward-looking statements are only predictions and are subject to risks, uncertainties, and assumptions that are difficult to predict. Therefore actual results may differ materially and adversely from those expressed in any forward-looking statements. Factors that might cause or contribute to such differences include, but are not limited to, those discussed in this Report under the section entitled "Risk Factors" in the Company's most recently filed report on Form 10-K with the Securities and Exchange Commission. You should not place undue reliance on these forward-looking statements, which speak only as of the date of this Annual Report. Granite undertakes no obligation to revise or update publicly any forward-looking statements for any reason.

Heavy Construction Division**National Office**

585 W. Beach Street
Watsonville, CA 95076
(831) 761-7500

Atlanta Estimating Office

920 Holcomb Bridge Road
Suite 350
Roswell, GA 30076
(770) 650-1771

Lubbock Area Office

8802 Ash Avenue
Lubbock, TX 79404
(806) 748-9170

Texas Regional Office

701 E. Main Street
Lewisville, TX 75057
(972) 874-8724

Austin Estimating Office

1106 Clayton Lane, #130E
Austin, TX 78723
(512) 451-8545

Tampa Estimating Office

6215 E. Sligh Avenue
Tampa, FL 33617
(813) 623-5877

Western Regional Office

282 Cousteau Place
Suite 105
Davis, CA 95616
(530) 753-7234

Granite Halmar

160 W. Lincoln Avenue
Mount Vernon, NY 10550
(914) 668-9500

Branch Division**Arizona**

4115 E. Illinois Street
Tucson, AZ 85714
(520) 748-8000

Bakersfield

3000 James Road
Bakersfield, CA 93308
(661) 399-3361

Central Valley

2716 Granite Court
Fresno, CA 93706
(559) 441-5700

Monterey Bay

580 W. Beach Street
Watsonville, CA 95076
(831) 763-6100

Granite Land Company

8950 Call Center Drive
Suite 201
Sacramento, CA 95826
(916) 326-8844

Nevada

1900 Glendale Avenue
Sparks, NV 89431
(775) 358-8792

Northern California

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Sacramento, CA 95827
(916) 855-4400

San Jose

120 Granite Rock Way
San Jose, CA 95136
(408) 224-4124

Santa Barbara

5335 Debbie Lane
Santa Barbara, CA 93111
(805) 964-9951

Southern California

38000 Monroe Street
Indio, CA 92203
(760) 775-7500

Stockton

10500 S. Harlan Road
French Camp, CA 95231
(209) 982-4750

Utah

100 N. Warm Springs Road
Salt Lake City, UT 84116
(801) 526-6000

Wilder Construction Company

1525 East Marine View Drive
Everett, WA 98201
(425) 551-3100

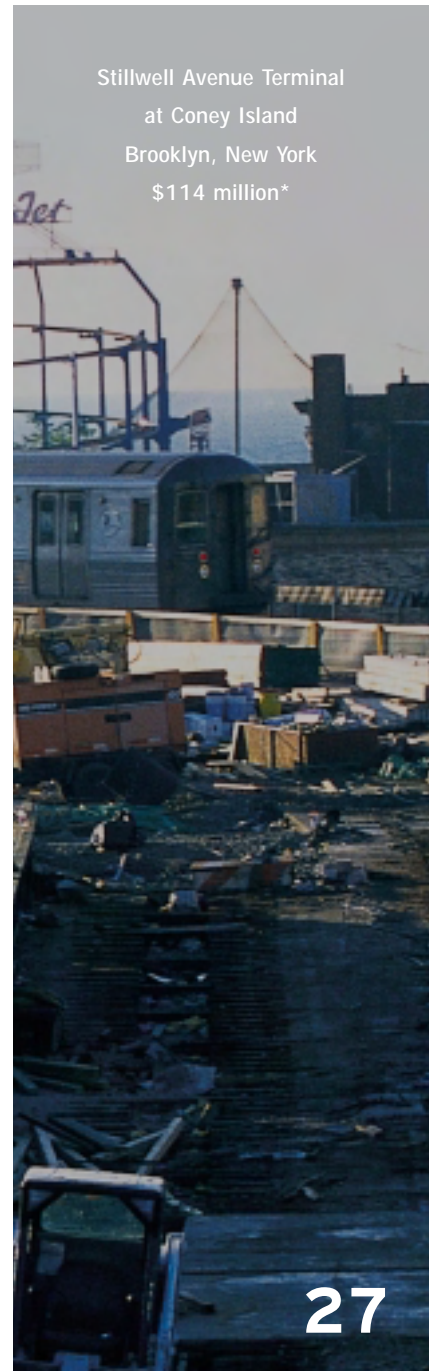
On the Cover:

Elliott Highway
Livengood, Alaska
\$15 million





Stillwell Avenue Terminal
at Coney Island
Brooklyn, New York
\$114 million*



GRANITE CONSTRUCTION INCORPORATED

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