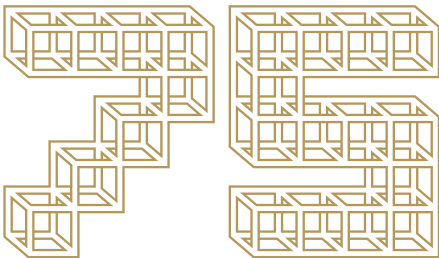


GRAÑA y MONTERO

PERUVIANS BUILDING PERU

2008 Annual Report: 75th Anniversary







INTRODUCCION

Resultado del Ejercicio

6

Carta del Presidente

8

PERUVIANS BUILDING PERU

1933-1948

16

1949-1967

20

1968-1982

24

1983-1990

28

1991-1997

32

1998-2006

36

STRATEGIC DEVELOPMENT

Diversification

44

Concessions

46

Strategic Investments

48

ORGANIZATION

GMD

54

GMI

58

GMP

64

GyM

68

Concar

74

Larcomar

78

SOCIAL RESPONSIBILITY

Social Responsibility

86

Human Resource Management

88

Risk prevention and Environment

94

Knowledge Management

96

Community Relations

98

CORPORATE GOVERNANCE

Corporate Governament

110

ANALYSIS OF RESULTS

Informe del Análisis de la Administración

126

ANEXOS

Estados Financieros Consolidados

141

Estados Financieros

187

Informe Antes del Plazo

219

Informe Buen Gobierno Corporativo

231

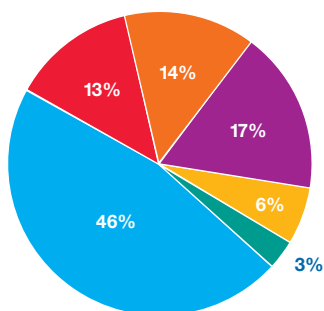
Resultados del Ejercicio

Principales Cifras (Miles de Nuevos Soles Valores Constantes a Diciembre 2008)

	2005	2006	2007	2008	Crecimiento 2008 / 2007 %	Equivalente Miles USD
Actividad	915,217	1,320,849	1,529,818	1,887,723	23.40	600,803
Facturación	894,005	1,188,813	1,439,974	1,827,710	26.93	581,703
Utilidad Bruta	174,599	272,755	299,027	399,490	33.60	127,145
Utilidad antes de impuestos	71,465	174,373	207,199	232,985	12.45	74,152
Utilidad Neta	32,724	104,918	129,900	147,189	13.31	46,846
UAIPIDA	173,611	275,451	286,607	372,696	30.04	118,617
Profesionales	1,286	1,380	1,705	1,947	14.19	

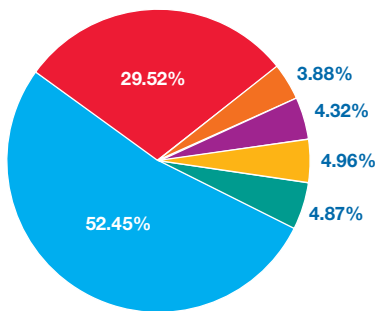
Actividad por Sector

Energía y Petróleo	Edificaciones e Industria
Infraestructura	Tecnología
Minería	Otros

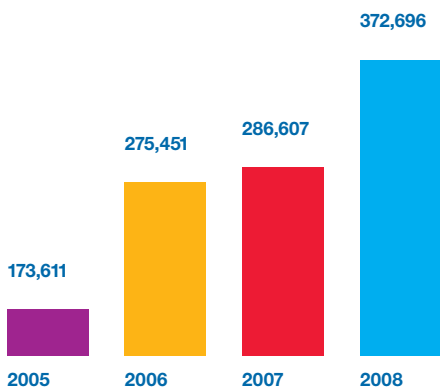


UAIPIDA

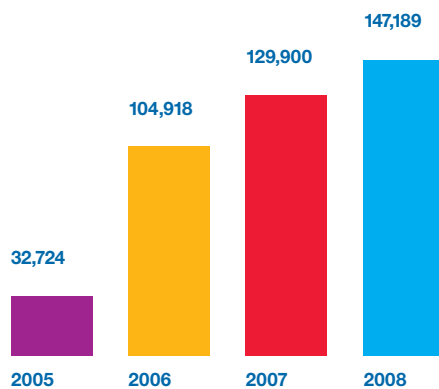
GyM	GMD
GMP	GMI
Larcomar	Concar



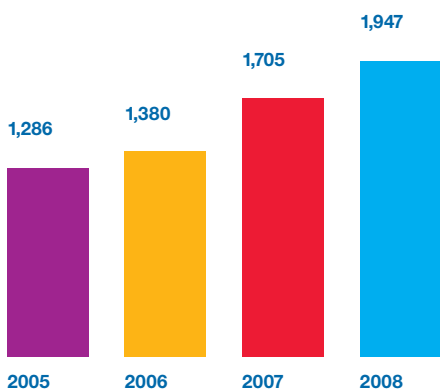
UAIPIDA (Miles de Nuevos Soles)



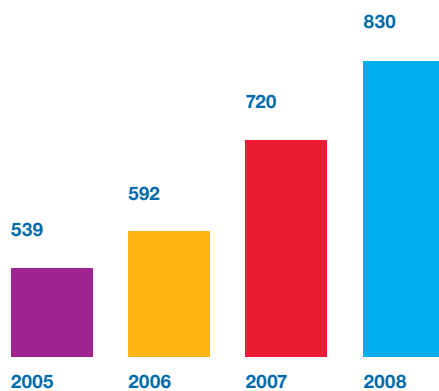
Utilidad Neta (Miles de Nuevos Soles)



Profesionales (Número)



Backlog (Cartera de contratos por ejecutar) Millones de US\$ Dólares



Letter to the Shareholders

Dear Shareholders:

It is our pleasure to present the 2008 Annual Report, in which we celebrate the 75th anniversary of the founding of our company, which finds us in a clear position of leadership in engineering in the country and with the best results in our history.

On June 22, 1933, the construction company, GRAMONVEL, was founded. It began constructing flagship buildings such as Miraflores City Hall and would soon be in charge of large-scale projects, among which the New City of Talara stood out. In 1949, a merger with Morris y Montero was agreed upon and Graña y Montero was formed in order to have the capacity to undertake large infrastructure works, such as the Pan-American Highway or the Cujone mining project. Following the celebration marking 50 years of operations, a diversification process was initiated in order to include other engineering activities that today have led us to comprise a group of 7 companies with 13,012 employees, of which 1,407 are engineers, which gives us the capacity to participate in the country's major projects, such as Camisea, to undertake the operation of 2,400 km of highways under concession and to run our own gas fractionation plant.

We are proud of the works executed over these 75 years, which have benefited millions of Peruvians. For this reason, on the occasion of our anniversary, we presented a

book on the main projects carried out. At the suggestion of our editors, we decided upon the title "Peruvians Building Peru".

Additionally, in relation with the anniversary, the expansion of our offices was initiated with the latest technology in order to provide the best working conditions, including a new auditorium and gymnasium for our employees' professional development and personal well-being.

Earnings for the year 2008 surpassed those of all preceding years. The group's activity exceeded US\$600 million, which means that annual growth was 23%, cash generation amounted to US\$119 million, increasing 30% in comparison to the preceding year, and net income was US\$47 million (13% more than that of the preceding year, absorbing the currency exchange difference).

These results have enabled us to make considerable progress on our investment plan, with over US\$100



José Graña Miró Quesada

million invested during the year, mainly in the three sectors established in our Strategic Plan. The largest investments made in the hydrocarbon, infrastructure concession and social housing sectors were in the Talara Gas Fractionation Plant, the Buenos Aires-

Canchaque Highway and the Parques del Agustino project, respectively.



Mario Alvarado Pflucker

Nuestros resultados nos han permitido avanzar notablemente en nuestro plan de inversiones, habiendo invertido más de US\$100 millones en el año, principalmente en los tres sectores que hemos definido en nuestro Plan Estratégico.

However, the most important achievements attained in 2008, in consolidation of our long-range plan, were three major contracts in the same three districts. In the hydrocarbon sector, we signed a concession contract for the Pisco-Lima Gas Pipeline. In infrastructure, work was begun on the 750 km Nazca-Cuzco highway concession and, in the area of social housing we were awarded a contract for the construction of 22,656 homes in relation with the Nuevo Habitat Comas project.

Considering the great potential demand existing in the social housing segment in Peru and the leadership attained by the group in this activity, it was agreed that a new company called GMV would be founded for the purpose of focusing on the development of social housing. The new company's operations are to begin in January 2009 with US\$30 million in equity, following a spin-off from GyM.

These activities are those that will probably experience the most growth in the coming year. The international crisis that unfolded in recent months found Peru in an exceptionally good position to weather the storm. With growth of over 9%, a fiscal surplus and reserves greater than the debt, once again Peru will likely be the country with the highest growth rate in the Americas in 2009. In order to ensure this growth, the government recently launched an anti-cyclical policy primarily based on construction, housing and infrastructure. Our organization is well prepared for this with properly structured debt and we forecast sound growth for the coming year,

based on a 15% increase of our portfolio of contracts pending execution, which amount to US\$830 million as of December 31.

We are aware of the fact that we have completed 75 years of operations primarily due to commitment to our values, to our employees and to the communities where we work. During the year, 182,776 man-hours of training for the development of professional capacities and 738,143 man-hours of training on risk prevention and environmental management have been completed. In the localities where we operate, 71,960 hours of training for the development of job-related skills were provided for the local populations. This program was recognized by IPAE in the year 2008 with the Luis Hochschild award for its contribution to education in the country.

During the year, we agreed to form a not-for-profit civil association called Espacio Azul, which shall be in charge of carrying out social responsibility work outside the group and shall reinforce our commitment to the communities where we work and to the country.

In closing, we would like to thank our customers and employees who have enabled us to achieve success over these 75 years.



José Graña Miró Quesada
President



Mario Alvarado Pflucker
General Manager

PERUVIANS BUILDING PERU

1933–1948

The early
years:
Gramonvel

14

1949–1969

The Beginings of
Graña y Montero

18

1968–1982

El Reto de la
Segunda
Generación

22

1983–1990

Diversification

26

1991–1997

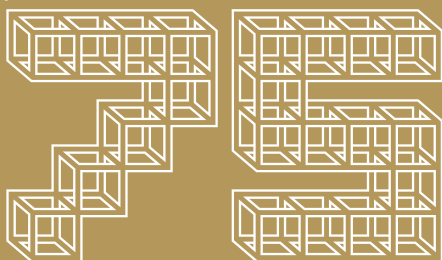
The Stable Cash
Flows Strategy

30

1998–2006

The Efficiency
Boost

3



(1933–1948)

The early years: Gramonvel

On June 22, 1933, with youthful enthusiasm, Carlos Graña Elizalde, Alejandro Graña Garland and Carlos Montero Bernales, who were three young Peruvian engineers, agreed to form, in their own words, “a technical company with the objective of bringing together our knowledge in order to undertake any construction project”.

During the early years, Héctor Velarde Bergman, an architect, joined them and the company took the name Gramonvel; that is, Graña, Montero and Velarde.

Years later, Héctor Velarde left Gramonvel to dedicate his efforts exclusively to architecture.

Lima was a city whose population had grown to half a million inhabitants. Its main hub was downtown, where the recently founded company, Gramonvel, started its operations with 3,000 soles in capital. Its first office was on the sixth floor of the Wiese building on Jirón Carabaya.

Carlos Graña was the first president of the company and the creator of the long-term business concept that distinguished it. He was forward-thinking and had a great capacity for establishing new business tech-

niques. It is because of this that he is recognized as one of the creators of the construction business in Peru. Carlos Montero contributed his talent and culture in the area of finance, while Alejandro Graña stood out due to his technical and management capabilities, especially in difficult times and critical situations.

Gramonvel’s first construction project was the residence of Dr. Manuel Irigoyen y Puente.

This initial phase continued with other construction projects as they developed new capacities and took on new challenges, such as the docks for the guano company. By 1937 the company was carrying out more am-



(1937)

Baños de Miraflores

bitious projects, such as the Miraflores beach facilities, which had space for up to 500 people.

The company continued expanding its offering, undertaking construction projects with increasing size and technical difficulty, as occurred with the Nestlé factory

(1933–1948)

in Venezuela, where the latest technical solutions, such as rigid tiling were implemented due to the type of soil, and the Nestlé plant in Chiclayo, where a flexible tiling solution was designed for the same reason. In the case of the Copsa factory in Callao, 50-meter high stacks were built according to procedures designed entirely by the company.

In 1941, the eminent planning engineer, Teodoro E. Harmsen, joined the company. He excelled as the technical and administrative manager and eventually became the managing director and president of the GyM board of directors.

In 1942, Luis Graña, who had worked on the construction of the Panama Canal, joined Gramonvel. For many years, he held the position of Works Manager and Director at GyM. Due to his technical skill and personal characteristics, he became a role model for other engineers who had the opportunity to work with him.



Fábrica Nestlé

Chiclayo (1943)



Fábrica Copsa

Vista de la fábrica Copsa,
Callao (1948)

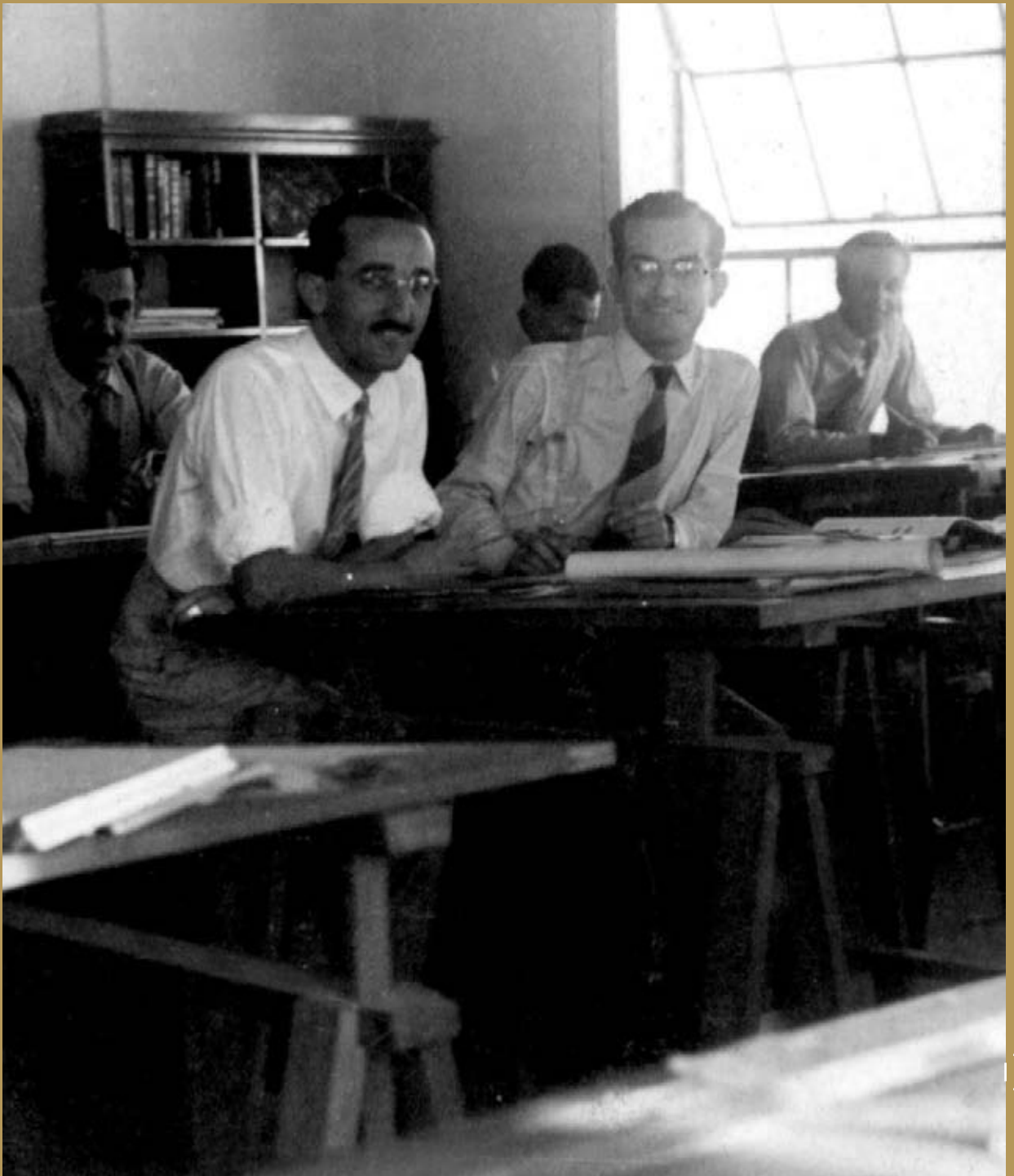
In 1942, Gramonvel built the Nestlé factory in Venezuela, its first project abroad, with Enrique Olazábal as the resident engineer. That same year, the company was awarded the contract for the El Pato Base in Talara for the United States government. In order to carry out this project, the contribution of Morris y Montero, a company owned by a cousin, Jorge Montero Muelle, was required in addition to that of the entire Gramonvel staff. As a result of this project, a successful association began.

Because of its good performance, the company was able to continue working in the area where, together with Roque Vargas Prada y Cía., we obtained the contract for the construction of the entire city of Talara in 1945. There we built over 2,000 houses, offices, schools, markets, churches and commercial properties for the IPC, as well as the refinery and another airport. Luis Noriega was the resident engineer for this major construction project.

By 1949, Gramonvel's partners had decided to merge with Morris y Montero, giving rise to Graña y Montero S.A.

**Personal de
Gramonvel**

En sus oficinas del edificio
Wiese (1942)



(1949–1967)

The Beginnings of Graña y Montero

On October 31, 1949, Gramonvel and Morris y Montero agreed to merge and create Graña y Montero S.A., under the presidency of Carlos Graña Elizalde, with Alejandro Graña Garland, Carlos Montero Bernales, Jorge Montero Muelle and Dr. Roy Morris, who was later replaced by Dr. Manuel Echecopar, as directors.

The engineer Jorge Montero joined the firm, contributing his knowledge in construction equipment management and creating GyM's Equipment Leasing Table System.

Following the creation of GyM, individual contributions were important, such as Jorge Montero's equipment management, the "school" created by Luis Graña, who was a master of construction, and Teodoro E. Harmsen's ability in the technical office. A culture was developing with the principal value of "reliability", including quality, performance and ethics. It would continue to develop, as the current culture contains the past, as the future culture will contain the present.

Meanwhile, GyM relocated to offices in the Ostolaza building located at the corner of Avenida Tacna and Jirón Huancavelica. The company's development continued from 1949 onward as it undertook important construction projects that served to increase its technical capacities.

One of these projects was the expansion of the Oeschle store in 1950, which constituted a special technical challenge, as a basement was built without interrupting the store's regular operations. The work of securing the building — sustaining it in order to lay the foundation — and building a basement required special technical underpinning procedures designed by Teodoro E.

Aeropuerto Jorge Chávez

(1960)

Luis y Alejandro Graña

Luego de un vuelo en el avión de la empresa (1953)



Harmsen, under the supervision of Carlos Graña, with Carlos Cava Crovetto as the resident engineer.

In 1952, for the construction of the Hospital del Empleado (now Hospital Edgardo Rebagliati Martins), GyM worked with Flores y Costa S.A. and Andes Constructora to form an engineering consortium called Consorcio de Ingenieros Contratistas. Subsequently, the consortium participated in major construction projects in Peru and expanded its operations to Argentina, Bolivia and Chile.

In 1953, Carlos Graña died in a tragic accident when traveling in the company's twin-engine Boeing 247 D

airplane that was used to visit its distant construction projects, such as the Southern Pan American Highway or the city of Talara.

Upon Carlos Graña's death, Fernando Graña assumed the presidency and held the position until 1957, when Alejandro Graña was elected president, with Carlos Montero Bernales, Jorge Montero Muelle, Luis Graña Garland and Teodoro E. Harmsen as directors.

Alejandro Graña held the position until 1983, when he retired upon GyM's 50th anniversary and was named honorary president.

(1949–1967)



Sears Roebuck del Perú

Vista de la obra terminada y en funcionamiento (1954)

In relation with the construction of the social security system's Hospital del Empleado, our firm joined forces with two other Peruvian companies to form an engineering consortium called Ingenieros Contratistas Generales in 1952.

As a member of the consortium, we participated in the country's major construction projects, such as the steel plant in Chimbote, the Cañón del Pato Hydroelectric Plant and the Jorge Chávez International Airport. As a result of this experience and the reputation we acquired with these complex construction projects, we were able to undertake important works abroad, such as the El Alto Airport in La Paz, Bolivia, and the Nihuil Dam in Mendoza, Argentina.

In 1965, the engineer Carlos Montero Graña joined the firm, starting in the position of resident engineer, subsequently becoming the Equipment Division manager and eventually assuming the position of general manager, which he held from 1986 to 1990. Currently, he is the vice president of the group.

GyM continues undertaking major construction projects for both the public and private sector, while developing knowledge about buildings and infrastructure works. As an anecdote, and moreover as a challenge, we should remember engineer Luis Graña's statement that GyM was capable of completing a kilometer of highway per day.

Following completion of the Talara works, in 1957 the engineer Juan Madalengoitia was placed in charge of opening an office in Piura, from where work on the construction of the Santa Teresita (Copsa) cotton gin plant was initiated. Upon its completion, it was the largest plant of its kind in the world.

Hospital del Empleado

Presidente Manuel A. Odría
visita las obras



(1968–1982)

El Reto de la Segunda Generación

En 1968 eran momentos difíciles para la empresa, pues se estaba liquidando el Consorcio de Ingenieros Contratistas debido a la mala experiencia de las obras en Argentina y Bolivia.

En el país también eran épocas difíciles. Se produjo el golpe militar del general Juan Velasco contra el arquitecto Fernando Belaunde luego de una devaluación traumática y, poco después, se expropió la International Petroleum y las haciendas azucareras, que se encontraban entre nuestros clientes.

José Graña se encontraba en Londres después de haber terminado la carrera de arquitectura, cuando recibió la noticia de que debía regresar a Lima y empezar a trabajar en GyM.

Aprendió su primera lección empresarial tuvo que tomar su primera decisión. Olvidar sus sueños juveniles de emular a Le Corbousier y comenzar a trabajar en la sec-

ción presupuestos de día y en las noches tomar un curso de administración para graduados.

Había descubierto que las empresas no se heredan, sino se trabajan y había aceptado el reto de la segunda generación.

Así empezó lo que podríamos llamar la etapa de transición o de cambio generacional. Porque no estaba solo. Éran cinco socios o familias de socios y más de cien empleados e ingenieros.

Este proceso de trabajo simultáneo, que en nuestro caso duró diez años, es probablemente la época más interesante y delicada cuando hablamos del tema del



Alejandro y José Graña

cambio de generaciones en una empresa.

Creo en esa etapa la palabra clave: respeto. Respeto por las personas, respeto por los socios, respeto por las tradiciones, respeto por la historia, respeto por los valores de la empresa.

El cambio generacional fue un proceso de trabajo simultáneo que llevó 10 años

(1968–1982)

The strategy of keeping the GyM operation independent and parallel to the consortium's work enabled us to pull through the crisis. In the two following years, contracts on important projects such as the Banco Central Hipotecario bank, the Cementos Lima cement plant, the works in Quiruvilca for Northern Peru and the Sheraton Hotel in Lima were obtained.

Inspired by José Graña, in 1969 a brochure was prepared in relation with the major works completed by GyM from 1933 to 1969, which increased recognition of the elder, by keeping the company's values alive. This attitude served that generation well as it spontaneously began to delegate functions to the next generation.

Graña y Montero obtained the contract for earth moving works, civil construction and plants at the Cujajone mine, as well as the contract for the construction of the central bank, Banco Central de Reserva. These works reaffirmed its leadership in the construction industry.



Fábrica de Cementos Lima

(1969–1970)

Subsequently, in 1975, in line with this new philosophy, the Campoverde Consultores organizational development firm was hired with the initial participation of José Campoverde and, starting in 1983, that of Ricardo Ruzo to develop the GyM management cadres and to work on two central themes: management by objectives and the search for excellence.

As part of this work, a survey was conducted among our customers and suppliers, which confirmed that we were known not only for performance and quality, but also for reliability as a distinctive value of GyM. In 1977 Graña y Montero opened its new offices on block 46 of Avenida Paseo de la República in the Surquillo district.

In 1975, Jorge Montero had died and in 1979, Carlos Montero and Luis Graña passed away.

During this phase, new professionals arrived at GyM, such as Rodolfo Sotelo, who is now the manager of the Budget area; Octavio Cabrera, the current manager of the Civil Works division; Hernando Graña, who was the manager of the Commercial and Development areas and is now the executive vice president of GyM, and Juan Manuel Lambarri, the current general manager.

Hotel Sheraton

Detalle de su construcción
(1972–1974)



Banco Continental

Construcción del Banco
Continental y Centro
Comercial San Isidro
(1978–1980)



Other professionals who joined the firm include Francisco Dulanto, who began working in the Technical Section and is now the general manager of GMP; Walter Silva Santisteban, the current general manager of GMI, and Mario Alvarado Pflucker, who was the general manager of GME and later became the general manager of Graña y Montero S.A.A.

In 1983, Graña y Montero celebrated its 50th anniversary and, as a result of the successful process of incorporating the second generation, was prepared to begin a new phase of development and change.



Mina Cujone

Tajo abierto (1976)

(1983–1990)

Diversification

In 1983, Graña y Montero celebrated its 50th anniversary with President Fernando Belaunde in attendance at the ceremony at its offices.

Due to the effects of national or worldwide matters, construction cycles limited our growth, so as a response, the need to diversify within the field of “engineering services” was recognized.

It was decided that a diversification process that would change the company had to be initiated. Growing and diversifying became the new challenge.

In August of 1984, the first company within the diversification process was formed: GMI-Graña y Montero Ingeniería, which was dedicated to consulting and supervision, with the engineer Luis Noriega as the general manager. GMP-Graña y Montero Petrolera, which was dedicated to petroleum production services, followed in November of the same year, with the engineer Francisco Dulanto as its general manager.

GMI began its operations with the design of the expansion of the Pacocha industrial plant in Huacho and sub-

sequently, in 1988, it was hired by the Chimú consortium to undertake the detail engineering for the Chavimochic irrigation project.

GMP began its operations providing services to Petroperu for the operation of oil wells and for the drilling of the same wells by companies established in the area, such as Sapet, Unipetro and Monterrico.

In June of 1985, GMD-Graña y Montero Digital was founded to provide information engineering services, as the result of a partnership with the Chilean company Sonda and with the Digital Equipment Corporation dealership. The engineer Enrique Zevallos was its first general manager. Subsequently, GMD acquired Son-

**Unidad de
Bombeo GMP**

Piura



(1983–1990)

da's share, thus developing independently. Since May of 2000, Jaime Dasso, an engineer who joined GMD, has been its general manager.

In the decade of the eighties, GMD's business was based on the sale of hardware and software products and services. Its first clients were companies with DEC (Digital Equipment Corporation) installed base, and IBM installed base later on. Its main customers were Minero Peru, the Ministry of Agriculture, the Ministry of Transportation and Communication, the Peruvian navy, the Lima Stock Exchange, Inti Corredores de Seguros insurance brokers, Empresa Nacional de Comercialización de Insumos (ENCI/National Company for the Commercialization of Agricultural Inputs), Drokasa and the International Potato Center.

In January of 1987, GME-Graña y Montero Edificaciones, which was dedicated to real estate promotion, management and investment, was founded together with Mario Alvarado Ballón and a short time afterward, in September of 1988, GML-Graña y Montero Lima,

headed by engineer Juan Manuel Lambarri, was founded to execute construction projects related to buildings in the capital.

From 1984 to 1987, GyM continued working actively throughout Peruvian territory, affirming its leadership in construction projects related to buildings and infrastructure. During those years, new engineers who are now project managers, such as César Vera, Javier Soto and Mario Rangel, joined the company.

In 1988, GyM, together with the Norberto Odebrecht construction company, began work on the Chavimochic project in Trujillo.

In 1985, as President Belaunde's term was drawing to a close, management decided to expand our financial forecast from 5 to 10 years, in order to avoid the effect of thinking of a single presidential term. When defining our objectives at that time, among others, internationalization and the attainment of what we called a large project were established.

In this forecast, Chavimochic was considered to have potential as that large project and we had to dedicate our efforts to obtaining it, establishing competitive advantages, which was achieved with the contract award for the construction of the provisional bridge for that irrigation project, as well as a proper decision on the firm with which we would partner. Years later, we joined forces with Odebrecht on this large project that



Fiesta de los 50 años de GyM

Alejandro Graña, José Graña y Fernando Belaunde

Muelle Conchán para Cementos Lima

(1987–1989)

Baterías de petróleo para Occidental Peruana

GMP (1983–1989)



enabled us to weather critical times for the country without major problems.

In 1990, together with France's Cegelec (Alstom), SOPEN, a company dedicated to electromechanical assembly, was created under Cegelec's leadership and management initially. Subsequently, in 1992 the partnership was redefined, GMA was created and Graña y Montero assumed an increasing share percentage until it reached 100%.

The engineer Luis Vinatea, who had been the operations manager at SOPEN, became the general manager of GMA. This company opened the doors to the world

of electromechanical assembly for our company, which had been known traditionally as a general contractor for civil works.

In October of 1990, Holding Graña y Montero was created, initially as GMH and subsequently the construction company gave its name to the holding company, which then became known as Graña y Montero S.A. The construction company changed its name to GyM. The architect José Graña was named manager of the holding company and the engineer Luis Díaz Imiela Gentimur was the general manager of GyM.

The basic phase of diversification had been completed.

(1991–1997)

The Stable Cash Flows Strategy

During these years, Graña y Montero defined the strategy of directing its commercial attention toward contracts that generate stable cash flows for the company, as these triggered the company's economic stability.

In virtue of this, the companies' commercial strategy was redesigned and subsequently, the company participated in the privatization process, becoming the Peruvian partner of companies such as Telefónica, Edegel and Repsol. The relations established in the privatization process would later result in important projects for GyM, such as laying the Lima-Arequipa fiber optics or the Yanango Hydroelectric Station. Additionally, GMD consolidated contracts with Telefónica, such as the Omega contract in 1991, which was an important milestone.

In 1994, the first road concession contract was signed for the operation of the Arequipa-Matarani highway and

Concesiones de Carreteras S.A. was formed for this purpose, giving rise to a specialty that would result in the existence of our current company, Concar S.A.

In October of that year, GyM joined forces with Sintel of Spain and Telefónica Internacional to form Sintel Peru, in order to provide internal and external plant services during the development phase of telephone service in Peru. Fernando Almenara was subsequently named manager of Sintel.

The diversification process progressed and GyM established a complementary internationalization strategy. Following analysis of different regional possibilities, it

Concesión de Carretera IIRSA

Concar

Concesión de Terminal de combustible de Mollendo

GMP



was decided that an office would be opened and construction work would be carried out in Mexico.

Back in the early nineties, the company made its entrance in the Mexican market with the contract for building the Four Seasons Hotel, which was followed by the Plaza and Pasaje Santa Fé real estate projects. Initially, the projects were carried out with EPN and Constructora ROCA. Subsequently, Graña y Montero S.A. de CV was founded and became well known to the competition.

Among its customers are the Church of Jesus Christ of the Latter Day Saints, for whom we built two churches and twenty-five cultural centers in different cities, and

Plásticos Omnium, with its Puebla and Ramos Arispe plants, as well as the buildings built for GME, which also started up operations in Mexico.

In those years, the GyM projects increased in importance, such as the contract for the construction of the United States Embassy in Lima, in a joint venture with J.A. Jones; the Hotel Oro Verde, which is now the Swisotel in San Isidro or the expansion of the Sheraton Hotel in Santiago, Chile. A specialization in transmission lines was developed, beginning with the Chiclayo-Piura line and continued successfully. The company's mining work received a boost with the work performed on the Pierina mine in Huaraz and Yanacocha Stage 5 in

(1991–1997)



Embajada de los Estados Unidos

Lima (1992–1995)

Hotel Four Seasons

México (1992–1994)

Cajamarca. The first maintenance services for the networks of Sedapal, the state water company, were provided as well.

Early in the decade, GMI began its operations abroad when a contract was signed for the supervision of the Hotel Meliá Bávaro in the Dominican Republic, with which a long relationship with the Meliá group was established.

Meanwhile, GMP was awarded exploration and drilling contracts for Lots 1 and 5 in Talara in calls for tenders related to petroleum exploration areas promoted by the government.

GMD focused its business on software development and obtained contracts with Sunat, Telefónica, Copresa, IPSS, BellSouth, AFP Unión Vida and the Lima Stock Exchange, for which it designed an electronic negotiation system (ELEX), which is still in use.

In 1994, a set of company policies, such as "Before the Deadline", "Quality of Service" and "Customer-Partner", were devised in order to guarantee follow-up on our essential values: Performance, Quality and Reliability.

In order to specify the value of Performance, the "Before the Deadline" policy was established. However, it was noted that any company could say that it met its dead-

lines; therefore it was of utmost importance not only to say it, but to demonstrate it. Consequently, it was decided that Price Waterhouse would be hired to measure compliance with our contracts and establish an annual compliance percentage.

Since that time, we have been able to demonstrate a compliance level of over 99%, reaffirming our commitment to the policy.

The implementation of the Customer-Partner policy, which sets out a high-level meeting with the owners and supervision in order to establish direct, timely lines of communication and to align the companies' objectives to benefit the project, has yielded good results from the start. In the Lima-Árequipa fiber optics, Hotel Oro Verde and many other projects, it was demonstrated that the benefits of this policy of aligning expectations were very significant. In 1994, Graña y Montero was recognized as a national leader in organizational change processes.

The year 1995 was marked by two occurrences. At the beginning of the year, on January 6, Alejandro Graña, the last surviving member of the founders of Graña y Montero, passed away and toward the end of that year, the group's "Letter of ethics" was published to formalize our commitment to our customers, partners, employees and the community regarding our fundamental value, Reliability.



Túnel Kovire

Tacna (1990–1995)

In 1996, Holding Graña y Montero S.A. was reorganized and the engineer Mario Alvarado was named general manager.

In mid 1997 Graña y Montero was the first company in the sector to have its shares quoted on the Lima Stock Exchange.

(1998–2006)

The Efficiency Boost

The Graña y Montero group is an open company quoted on the Lima Stock Exchange and recognized as one of the country's leading companies. The group's prestige has been reinforced by specific policies to ensure respect for its traditional values of Quality, Performance, Reliability and Efficiency.

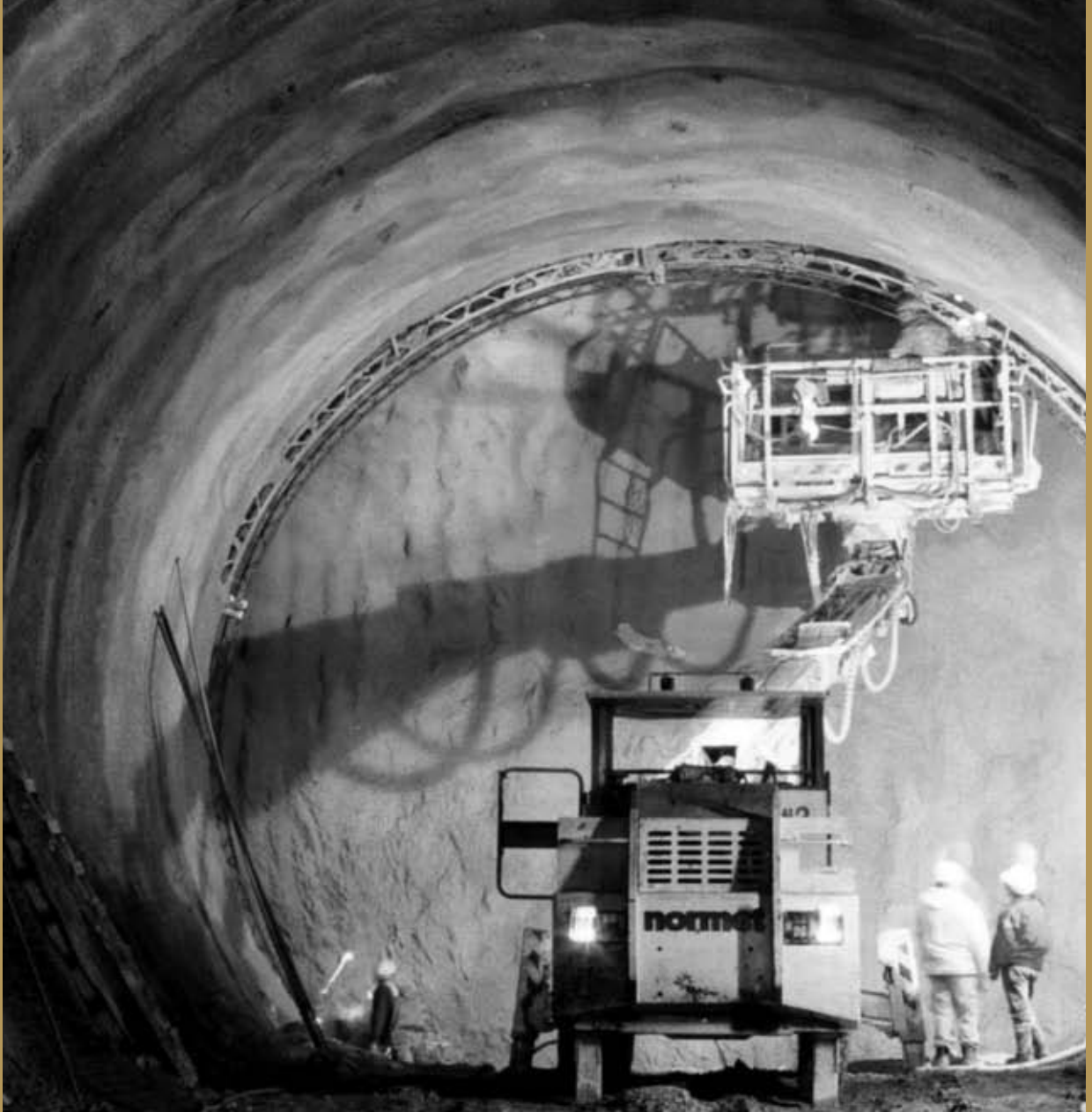
The second generation's strategies have been:

1) Professionalism, team work and respect for knowledge within a new work philosophy, 2) diversification and internationalization to absorb the impact of the country's construction cycles, and 3) the generation of stable cash flows, participating in privatizations and concessions and expanding our activity within the field of engineering services in search of economic stability.

In 1998, it was decided that the company's environmental policy should be made known with a document to formalize its commitment. Subsequently, in order to show that risk prevention had priority within the plan for technological progress and excellence in the services

provided, the decision was made to publish the risk prevention policy designed to communicate our firm position in this regard to the managers, employees, subcontractors and customers and, at the same time, to assist the managers in the fulfillment of their responsibility to provide safe working conditions for their employees.

In 1998, GMP began operations related to the concession contract on fuel terminals, forming a consortium called GMT-Consorcio Terminales with Oil Tanking of Germany. At a later date, in 2000, this consortium acquired the CLHB company to run the fuel storage and transportation business in Bolivia.



Túnel de Derivación

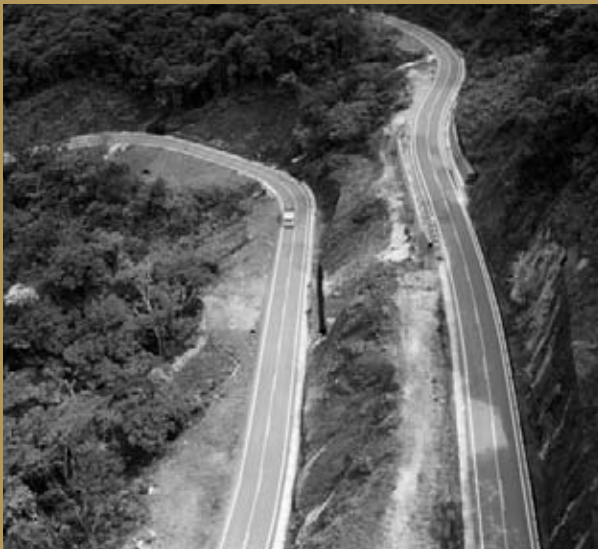
Central Hidroeléctrica de
Ralco en Chile (2002–2004)

That same year, within its quality assurance strategy, GMD obtained ISO 9001 certification in maintenance and post-sale service.

In 1999, the Corporate Learning Center (known by its Spanish acronym, CCA) was created as an entity for the development, acquisition, updating and sharing of knowledge.

That year, together with the Spanish company, Necso, GyM obtained the contract for the bypass tunnel and the cavern for the Ralco hydroelectric plant in Chile for Endesa, as well as the initial works for the development of the Antamina mine in Huaraz.

(1998–2006)



**Carretera
Interoceánica IIRSA
Norte**

(2006–2031)

Economic stabilization and the opening of the market in the nineties obligated us to meet international efficiency standards so as to be competitive. In 1999, GyM decided to initiate the "MP21" Efficiency Improvement Project with advisory services from two important consulting firms. The processes defined for this project were implemented in the year 2000.

Simultaneously, with assistance from external consultants, GMD worked on a process revision program for the purpose of improving its efficiency.

In December of 2000, GML merged with GyM and became the Building Division headed by the engineer Julio de la Piedra. The engineer Juan Manuel Lambarri became the general manager of GyM, replacing Luis Díaz Imiela Gentimur, who took on the role of executive director and took charge of the Corporate Learning Center.

In 2000, within the plan to generate long-term contracts and stable cash flows, GMI redesigned its manner of serving companies and obtained a framework engineering contract with BHP Billiton Tintaya, which would be replicated with Antamina, Cerro Verde, Río Tinto, Repsol and Pluspetrol

Fundición Ilo

Nave de Convertidores
(2005-2006)



The decade beginning in the year 2000 has been a period of continuous development for GMD, which began performing technology outsourcing work for companies such as Alicorp, Ebel and San Fernando, subsequently developing outsourcing of the business itself for the ONP, OYR and municipal and regional elections.

GME merged with GyM, hence the GyM production organization has four divisions now: Real Estate, Buildings, Civil Works and Electromechanics.

GMI initiated an engineering project in relation with a gold industrial plant for Minera San José in Argentina. Within this process of development and consolidation of its corporate identity, supported by its adherence to standards of good corporate governance and complementing its letter of ethics and its policies on risk prevention and the environment, a social responsibility policy is formalized, having its personnel and shareholders as the primary target group on the internal front, and the community with which it is linked in carry-

ing out its operations as the target group on the external front. Early in 2006, the Graña y Montero Group formed part of the consortiums awarded the concessions for 950 kilometers of the Northern IIRSA highways and two sections of the Southern IIRSA extending 700 kilometers, where we shall participate in the construction of those highways. Additionally, Concar S.A. obtained the contract for the operation and maintenance of the Northern IIRSA.

In April of that year, GMP acquired the Talara gas processing plant from the electric company in Piura. Toward the end of the year, Graña y Montero obtained the concession for the Buenos Aires-Canchaque highway in the department of Piura, where once the construction has been completed, Concar S.A. shall be in charge of the operation of this road. In 2007, the concession for the 750-kilometer section 1 of the Interoceanic Highway was obtained.

In 2006 the highlights for GyM were the contracts on lot 1 AB in Andoas and lot 8 for Plus Petrol, where we have been operating 23 years.

In 2007, the GyM real estate division was awarded the contract for the first megaproject of the Mivivienda program called Los Parques de El Agustino, which shall be the model for future social housing programs in Peru.



Central Térmica de Malacas

Talara (1997)

STRATEGIC DEVELOPMENT

Diversification

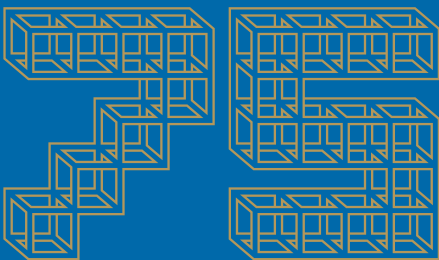
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Concessions

46

Strategic Investments

48





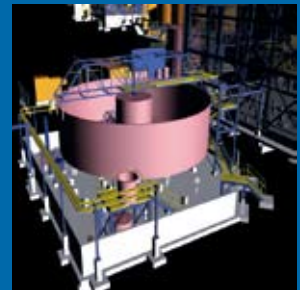


Diversification

Over 20 years ago, we adopted a diversification strategy in order to increase the stability of our business without distancing ourselves from our basic knowledge; so we focused our efforts on turning the company into an Engineering and Infrastructure Services Group. Today, what was once a construction company has become a group of 19 companies grouped in 6 companies, thereby achieving the objective of having the new companies generate over half of the Group's operating profits.



GMD, the Information Technology Services company that has a Technological Operations Center for outsourcing systems services



GMI, the Engineering Consulting company that has a subsidiary specializing in Environmental Engineering called ECOTEC



GMP, the Petroleum Services company that drills oil wells for third parties, operates two petroleum fields in northern Peru, operates a Natural Gas Fractionation Plant in Talara and has formed Consorcio Terminales, a consortium with Oiltanking of Germany for the operation of fuel terminals in Peru



GyM, the original construction company, which has four divisions: Electromechanics, Civil Works, Buildings and Real Estate



CONCAR, the company specializing in the operation and maintenance of highways under concession



LARCOMAR, (Fashion Center S.A.) the company that operates Larcomar Entertainment Center and Fashion Mall in the district of Miraflores

Concessions

In recent years we have been successful in attaining our objective of ensuring the stability of the Group by developing knowledge and skills in design, construction, finance and the operation of Infrastructure Concessions, which is clearly the way that large projects will be carried out in the future.

The Builder-Concessionaire model generates extensive synergies among the Group's different lines of business. In the economic aspect, concession cycles are long-term, sometimes 60 years, in comparison with 1 or 2 years for construction contracts. Concessions produce very stable margins, although they are capital intensive, while construction companies require less capital and generate cash flow. In operations, the two areas strengthen and complement each other in execution and maintenance work.

Currently, we own shares in the concession companies listed below.



Norvial

Red vial 5 – Ancón, Huacho, Pativilca



Consorcio Terminales

Terminal de combustible en Mollendo



Survial

Carretera Interoceánica Cuzco – Nazca



Fashion Center de Larcomar

CONCAR

Operator of the Norvial Concession for the North Lima Highway to Pativilca, CONCIN for the Northern IIRSA Highway from Paita to Yurimaguas, and Survial for the Nazca-Cuzco Highway (Section 1 of the Peru-Brazil Southern Interoceanic Highway)

Consorcio Terminales

Joint Venture with Oiltanking of Germany to operate fuel storage terminals in Peru, the Camisea Loading Dock in Pisco, and NaSH Storage and Dispatch facilities at the Matarani Port

Fashion Center S.A.

Concessionaire of the Larcomar Entertainment Center and Fashion Center in Miraflores

TGP

(Transportadora de Gas del Peru), the company that was awarded the contract for the construction of a transportation and distribution system for gas from Camisea

Norvial

Concessionaire for Road Network No. 5, the Northern Lima highway from Ancón to Pativilca

Concesionaria IIRSA Norte S.A.

A company that has the concession contract for the 980 Km Paita -Yurimaguas Highway

CONIRSA

A company that is currently building the 2nd and 3rd sections of the Interoceanic Highway to Brazil

Concesión Canchaque

The concessionaire for the Buenos Aires-Canchaque Highway, construction of which began in May of 2008

Survial

The company that toward the end of 2007 won the concession contract for the 750 km first phase of the Interoceanic Highway between Cuzco and Nazca. The rehabilitation work on this highway began in October of 2008.

Strategic Investments

In the year 2007, we prepared a Strategic Plan to concentrate our long-term investments on 3 pillars of development: Infrastructure Concessions, the Hydrocarbon Sector and Social Housing.

We have been very successful in this program and in the last two years we have invested nearly 200 million dollars.

In terms of Infrastructure Concessions, in 2007 we obtained the concession for the Buenos Aires-Canchaque highway and in 2008 section 1 of the Interoceanic Highway from Nazca to Cuzco. In addition, we recently agreed to increase our share in NORVIAL, the company that has the concession for the highway that runs from the north of Lima to Pativilca.

In the Hydrocarbon sector, we have completed the construction of the Gas Fractionation Plant in Talara and during the year we have obtained the contract for the construction of the Pisco-Lurín multi-purpose pipeline to be built starting in 2009.



**Planta de Fraccionamiento
de Gas de GMP**
Pariñas – Talara



**Conjunto Residencial
Los Parques del Agustino**



**Concesión carretera
Interoceánica tramo 1**
Nazca – Cuzco

In the Social Housing Sector, we are executing the Los Parques del Agustino housing project and in 2008 we obtained the contract for the Nuevo Hábitat Comas housing project. In order to carry out these and other housing projects, we decided to form GMV, a company starting out with clear leadership in the Social Housing Sector in Peru.

ORGANIZATION

GMD
54

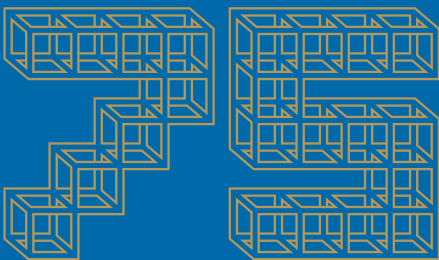
GMI
58

GMP
64

GyM
68

Concar
74

Larcomar
78







Tecnology Services

GMD

Centro de Operaciones Tecnológicas de GMD





Gerente General

Jaime Dasso Botto

24 Años de GMD

In the year 2008 GMD, which will soon be celebrating its 25th anniversary, consolidated its leading position as a provider of information technology solutions for the corporate market by increasing its share of the Software Factory business and Business Process Outsourcing (BPO).

The company's total activity for the year amounted to US\$ 36.6 million, which represents growth of 19.81% over the year 2007. Operating earnings for the year were US\$ 2.3 million and EBITDA amounted to US\$ 5.1 million, which indicates 110% and 44% growth respectively over the previous year.

The strategy of focusing on business with stable cash flows has enabled us to consolidate our leading position in the Peruvian market and lay the foundation for solid, sure growth. The income from Outsourcing and Software Factory business amounted to US\$ 21 million, which accounts for 56.3% of the total activity.

GMD's financial results for the year 2008 were quite favorable. The company's debt was reduced by US\$ 0.8 million dollars, cash in banks increased by US\$ 1.2 million dollars and US\$ 2.6 million were invested in new outsourcing projects and the expansion and technological renovation of our Data Centers. Today our Data Centers have twice the capacity they used to have, with world-class tools and security systems.

The investment we made in the year 2006 in CMMI level 3 certification for Software Factory, aimed at guaranteeing the quality of the development and maintenance of GMD Software, has enabled us to be the first information technology company in Peru to meet this international standard. By the same token, the strategy of creating the Project Management Office in order to standardize processes and methodology in all of the company's projects enabled us to raise the management level and transfer methodologies among them.



1983

Plataforma de la Bolsa de Valores de Lima



1998

Diseño e implementación para los sistemas de cómputo de Cavali

GMD

In addition, our strategic partners once again recognized us with their highest distinctions. Cisco recognized us at the regional level with the "Cisco Excellence in Customer Satisfaction" award, which is one of the most prestigious awards that a strategic partner can receive. HP granted GMD Platinum Business Partner certification, the highest level of certification that the transnational company grants to its business partners.

Undoubtedly, the main reason we have attained these achievements has been team work among our employees. The human resource management of our leaders was aimed at building trust and cooperation among the support and project areas in commercial and pre-sale processes, as well as in the execution and support. Part of this plan was to launch the educational program in project management with courses such as Finance for Non-Financial Personnel, Contract Administration, PMBOK and workshops to prepare for PMP certification, which six new employees obtained.

Listed below, the main projects which GMD has worked on during 2008.

Industry and Commerce Sector

Backus

Outsourcing of Network Equipment and Telemarketing Call Center Technology, Technical and Functional Evaluation of the HR META 4 System and Outsourcing of Regional Software Factory for the maintenance of the ERP SAP in 6 Latin American countries

Graña y Montero Group

Production start-up of the Corporate Human Resources System (META 4)

Avícola San Fernando

Renewal and extension of the Systems Maintenance and Development Service, IT Outsourcing and Oracle Suite Support

Repsol

Outsourcing of the billing and collection process nationwide, as well as outsourcing of the fuel dispatch process

Telecommunications Sector

Telefonica

Software Factory Systems: ATIS, Legacies, Customer Service and Integration Modules

Governmental Sector

ONP

(Oficina de Normalización Provisional / National Pension Fund Administrator): Outsourcing of CMMI level 3 Software Factory, of technology for all systems and outsourcing of the document and file management process



1



2



3



1, 2, 3, 4, 5 Centro de Operaciones Tecnológicas de GMD

Osinergrin

Outsourcing of Process for Handling Complaints, Field Supervision and Supervision of Regulatory Compliance

ONPE

Outsourcing of Infrastructure for the Recall of Municipal Authorities Process at the national level

CONSUCODE

Infrastructure and Base Software for the Peruvian government's procurement portal

Registry Zone

Infrastructure for the Contingency Site

Banking and Finance

AFP Integra

Outsourcing of CMMI level 3 Software Factory

AFP Horizonte

Outsourcing of Application Maintenance and Development

Lima Stock Exchange

Outsourcing of Technological Infrastructure

Cavali

Outsourcing of the maintenance of the Cavali Compensation and Liquidation Systems

Banco de la Nación

Implementation of the bank's Communication Systems

Consulting Engineering

GMI

Doe Run Perú Planta de ácido circuito de cobre





Gerente General

Walter Silva Santisteban

GMI will be celebrating its 25th anniversary, we would like to mention some relevant aspects of its history, not without first indicating that in 2008 GMI achieved excellent results, having participated in significant projects at the national level and abroad, which has made it possible to attain leadership in engineering in Peru.

On August 17, 1984, GMI was created from the Technical Section of Graña y Montero (today GyM S.A.). After initially dedicating its efforts to designing and supervising large civil works such as irrigation projects, ports and highways, the company became involved in more complex industrial projects. Subsequently, it developed a specialization in hotel project management abroad and formed a subsidiary called Ecotec, specializing in environmental matters. In recent years, GMI has positioned itself as a leader in the design of mining projects and today it is undergoing significant growth in the petroleum and gas sectors. The skill acquired over the years has led GMI to perform different services abroad, involving mining projects in Argentina, highways in Bolivia and hotels in the Dominican Republic.

Today GMI is an organization oriented toward its customers. To serve the private sector, it has the Mining, Infrastructure and Industry divisions, while the Supervision division serves the public sector. GMI is well on its way to achieving its objective of being a company that grows while learning and managing knowledge, having inaugurated approximately 2,000 m² of new offices equipped with the latest communication technology, whose design is aimed at ensuring integration, communication, socialization, teamwork in the community and the Learn-Be-Share and Grow philosophy. Lastly, with regard to organizational development, its employees have completed 20,170 mh of training.

24 Años de GMI



1996

Hotel Paradisus Punta Cana
Rep. Dominicana



(1998-1999)

Hotel Gran Meliá Caracas

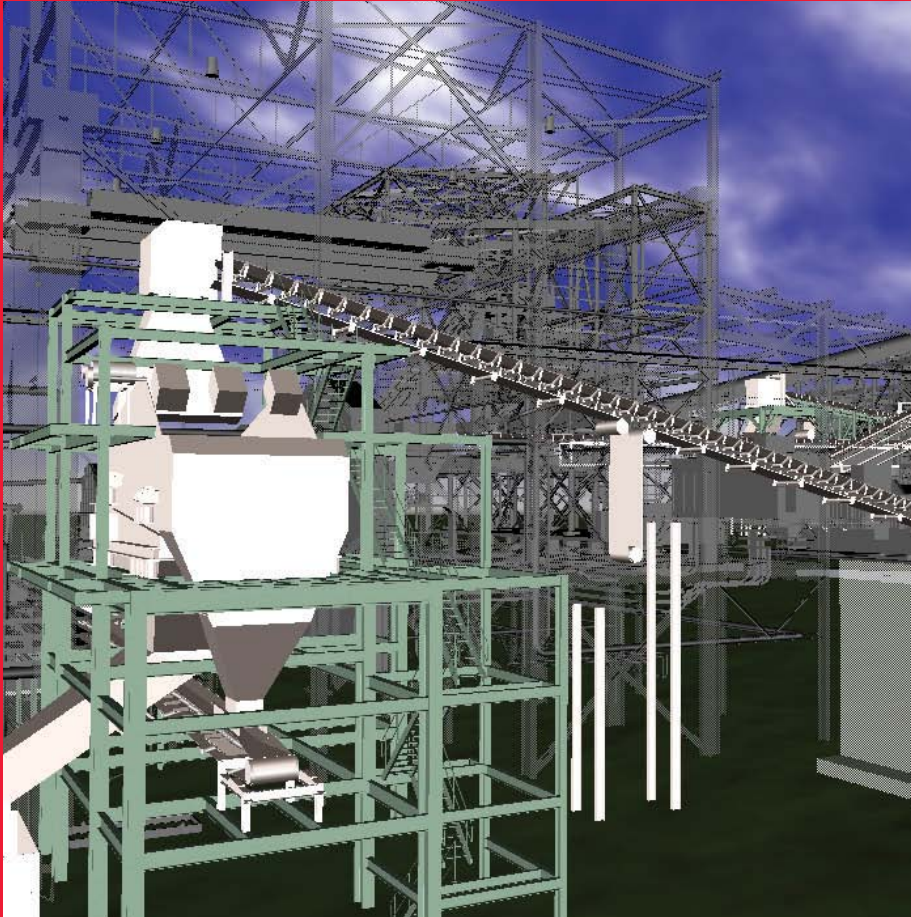


GMI

In 2008, GMI's activity was US\$ 36 million, which represented growth of 56% and cash generation of US\$ 5.9 million, increasing 68% compared to the preceding year. Net income was US\$ 3.2 million, 76% more than that of the preceding year.

With regard to our international operations, services for Sol Meliá continued in the expansion of the Paradisus and Paradisus Palma Real hotels in Punta Cana and continued supervision of the Moon Palace hotel in the Dominican Republic for the Mexican Palace Resorts chain.

The international crisis that has intensified due to the drop in commodity price indexes indicates that 2009 will be a year in which we must pay special attention to our contracts, obtaining competitive margins and placing emphasis on added value in order to retain our customers and strengthen commercial ties. This slowdown should be seen as a great opportunity to demonstrate the maturity of our processes and management systems, continuing with our Knowledge Management and Organizational Development strategies.



2

1 Contrato Marco de Ingeniería para Minera Antamina

2 Restaurante Gabi Club del Hotel "The Reserve" de Paradisus Palma Real – Rep. Dominicana

Mining Sector

Compañía Minera Antamina S.A.

Under the Engineering Framework Contract, the following projects were carried out:

- Supervision of the Molino Sag Bypass, Supervision of the Microcell Sparger Cu, Zn, preparation of Conceptual Engineering for CAPEX estimation, review of Design Criteria and Detail Engineering Plans for the Edificio Principal Project and

detail Engineering for the Main Connection Networks for the new Camp

Minera Chinalco Peru S.A.

- Management of the construction of the Kingsmill Tunnel Treatment Plant – Toromocho Project

Sociedad Minera Cerro Verde S.A.A.

Under the Engineering Framework Contract, the following projects were carried out:

- Supervision of Quality Control

for Nuevo Ciclone, Hydraulic Study of PAD 4 and miscellaneous Bottleneck-Concentrator projects

Rio Tinto Minera Peru Limitada S.A.C.

Under the Engineering Framework Contract, the following projects were carried out:

- La Granja Camp Engineering, Definitive Engineering for the construction of the La Granja – Northern Route Access Highway, Engineering and Construction Management for

the Sample Laboratory, Construction Management of the Demonstration Plant and the La Granja Complex, Construction Management of maintenance work on the Chiclayo - La Granja Access Highway

Doe Run Peru

- Materials management for the new Sulfuric Acid Plant for the Lead Circuit and Detail Engineering on works outside the Battery Limit of the Fleck Chemical contract

GMI

Minera Barrick Misquichilca S.A.

- Detail Engineering for the cutting of overland, new Ore silo and Conveyor Belt No. 03.

Minera Yanacocha S.R.L.

Under the Engineering Framework Contract, the following projects were carried out:

- Engineering for different projects for Yanacocha and Conga, Detail Engineering AWTP East, Detail Engineering for Ring Piping & System Project, Fifth Retort and Improvements in the Yanacocha North Ventilation System, Detail Engineering for Maqui Maqui Project and Chaquicocha Dewatering

Votorantim Metais – Cajamarquilla S.A.

Under the Engineering Framework Contract, 31 projects were carried out according to the FEL (IPA) methodology, up to FEL 2 level for the CAPEX estimation to streamline and optimize operations in the different areas of the refinery

Buildings and Industry

Cemento Andino S.A.

- Service Contract for Industrial Cleaning and Waste Management by our subsidiary, Ecotec S.A.

GyM

- Basic and Detail Engineering for Lot 58 Production Platform and La Peruanita Camp, Review of Basic Engineering and preparation of the Detail Engineering for the Topping Plant

Hydrocarbons

PetroPeru S.A.

- Supervision of Environmental Remediation work at La Pampilla refinery and its Sales Plant

La Pampilla Refinery

- Under the Detail Engineering Framework Contract on RELAPASA investment projects

Perenco Peru Limited

Peru Branch

- Basic Engineering for the Dorado – Andoas Pipeline

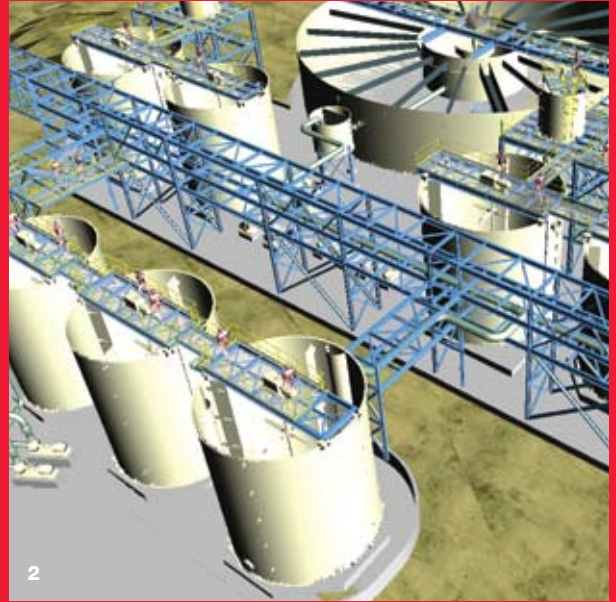
Infrastructure and Transportation

Provias Nacional

- Supervision of road improvement work on the Mojón – Chiquian – Aquia Highway, New Conococha – Huallanca Highway Junction, Section 1: Mojón Chiquian, Supervision of the Maintenance of the Ciudad de Dios Cajamarca Highway Section II – Chilete – Cajamarca Sector 2-A Chilete



1



2



3

1 Paradisus Palma Real
– Rep. Dominicana

2 Planta de tratamiento de
aguas ácidas para minera
Yanacocha

3 Carretera Tarapoto – Juanjui

Ositran

- Supervision of section 5 of the Southern Interoceanic Corridor – Peru – Brazil

Survial

- Definitive Engineering Studies and Environmental Impact Studies for the San Juan de Marcona Nazca Highway Works and Rehabilitaiton
- Puquio
- Chalhuanca – Abancay

- Cusco – Urcos; Geotechnical Inspection of the Interoceanic Highway Southern Section 1 and Engineering support

Shougang Hierro Peru S.A.A.

- Layout of the route for the San Juan Highway – Pan American Highway
- Minera Yanacocha S.R.L.
- Supervision of the 73 Km Chilete Junction Highway Cajamarca

Peru Lng

- Narrative technical report on current condition of the surface course and buildings near the access routes for the Peru LNG Gas Pipeline between Pampa Melchorita and Chiquintirca

Votorantim Metais

Cajamarquilla

- Supervision of the construction of the Highway to Cajamarquilla

Petroleum Services

GMP

Planta de Fraccionamiento de Gas, Pariñas – Talara





Gerente General

Francisco Dulanto Swayne

24 Años de GMP

In the year 2009, GMP S.A. will be celebrating its 25th anniversary. It began its operations in 1984 with the diversification process of the Graña y Montero Group.

Initially, GMP conducted its operations in the province of Talara, providing production and maintenance services at petroleum camps. Subsequently, it began providing well drilling services. Currently, GMP is in charge of the operation of Lots I and V in the northwest, the operation of 9 fuel terminals in the country and the marine operations of the Camisea project in a joint venture with Oiltanking GMBH. It is the owner and operator of the natural gas liquids separation and fractionation plant in Paríñas and has formed LQS (Logística de Químicos del Sur) with Oiltanking and Santa Sofía Puertos.

The results for this year have been quite satisfactory, with US\$ 69 MM billed, which represents growth of 16.7%.

Additionally, during the period construction was completed and operations began at the Gas Plant in Paríñas with an investment of US\$ 44.6 million.

In summary, it was a year in which the company had its highest figures ever for the amount billed, profits and investments.

In the month of August, a concession contract was signed for the Pisco-Lurín Multi-Purpose Pipeline stemming from an initiative approved by PROINVERSION, in order to transport LPG between these two cities and to supply the southern section of Lima.

Mention should also be made of the efforts made in the area of social responsibility and the achievements that they represented in the communities related to the company's activities.



1983 – a la fecha

Unidad de bombeo, Piura



1998 – a la fecha

Almacenamiento y despacho de combustible

GMP

Petroleum and Gas Production

In the year 2008, 9 development wells were drilled in lots I and V and 403 thousand barrels of petroleum and 1,751 MMSCF of natural gas were produced. These figures represent increases of 8.52% and 20.74% compared to the volumes for the year 2007. The second semester of the year was marked by very high crude price volatility.

Drilling

By the end of the year 2008, 20 oil wells had been drilled in the Talara area and 2 water injection wells had been drilled in the northern Peruvian jungle. The total number of feet drilled as drilling contractors was 91 thousand.

Talara Gas Plant

On October 23, the new Pariñas Gas Plant began operations. The amount of natural gas processed at the plants during the year 2008 was 10.01 BSCF, which is an average of 2743 MMSCFD and the production of liquids totaled 293 thousand barrels. The new Pariñas plant has enabled us to increase efficiency substantially in the recovery of liquids.



1



4



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2



3

1 Terminal Marítimo de Pisco para Camisea

2 Tanque de crudo de Talara

3, 4, 5 Planta de gas de Talara

Consorcio Terminales

In the year 2008, Consorcio Terminales (GMP/Oiltanking) dispatched an average of 63 thousand BPD of products at the country's terminals, which was a 10.1% increase compared to the preceding year and storage by our users amounted to 1.82 million barrels on average, which was 8.32% higher than in the year 2007.

At the Camisea (Pisco) marine terminal, 105 vessels were loaded with a total volume of 13.1 million barrels.

LQS Matarani (Logística de Químicos del Sur)

During the year, 29,207 tons of sodium hydrosulfide (NaSH) were received at the Port of Matarani for our mining customers in the area (Sociedad Minera Cerro Verde and Southern Peru Copper Corporation). For the coming year, construction of a plant for the reception, storage and dispatch of sulfuric acid at the same port is planned.

Construction Services

GyM

Hotel Westin Libertador San Isidro (2008–2010)





Gerente General

Juan Manuel Lámbarri Hierro

75 Años de GyM

Continuing with the country's growth, in the year 2008, GyM grew to set a new record of approximately US\$ 448 million in sales, which represented growth of 20% over the preceding year and resulted in after-tax profits of US\$ 23 million. These results are based on improvement in our efficiency, as we obtained a gross margin of 15% and ended the year with a backlog of over US\$ 500 million.

Consolidating the strategy of leading in the construction and promotion of affordable housing, in the month of September, GyM joined forces with another company and won the contract award for the real estate project called Nuevo Hábitat Comas (Collique), which shall include 15 thousand economical housing units. Additionally, we have acquired a 52 mil m² lot in the district of Cercado de Lima, where we shall build 2,500 additional housing units.

It should be noted that, in line with the strategy of generating a specialization in this market, in the latter part of 2008 the GyM Board of Directors approved the spin-off of the real estate division of GyM, which was assigned to a new company called GMV S.A., which shall be in charge of executing these projects.

As part of the participation in gas exploitation in Peru, in a joint venture with a foreign company, GyM began the construction of the Chiquintirca Compressor Station in the department of Ayacucho, which is a pivotal project to Peru LNG.

In the month of March of 2008, GyM was awarded the contract for the construction of two fractionation plants (topping plants) under the Engineering, Procurement and Construction modality for Pluspetrol Norte in Lot 1AB in Andoas and in Lot 8.



1997-1998

Planta concentradora de Cuacone



1974

Hotel Sheraton, Lima

The logo for GyM, consisting of the letters 'GyM' in a bold, white, sans-serif font, centered within a white square border. The logo is positioned in the upper left quadrant of the page, which is otherwise a solid orange background. The page is framed by thin white lines at the top and bottom, with small vertical tick marks at the corners.

Recently, the contract award was obtained for civil works and assembly of the expansion at the Machu Picchu hydroelectric plant. This key project shall increase the generation capacity of this plant by approximately 100 MW, thus triggering development of the southern part of the country.

As a result of the growth and the demanding nature of the market, GyM reinforced its staff of engineers and professionals, increasing the number of employees by 30% to enable us to take on new challenges with the efficiency and quality we are known for.

Aware that knowledge is the pillar with which GyM has managed to thrive over time, consolidating its position as the leading construction company in the sector, during the year 2008 it banked on maximizing its knowledge management by promoting the "Learn to Grow" program as a key factor in future growth. Therefore, it has provided 59 thousand man-hours of training, 20% more than in the preceding period.

It is noteworthy that in 2008 GyM, Peru's oldest, most prestigious construction company, celebrated its 75th anniversary. What began in 1933 as a technical firm of 3 engineers now has over 1,260 employees and more than 9,000 laborers and conducts its activities in almost all of the departments of Peru. It would take too many pages to list all of the small and large projects that GyM has executed for development of Peru.

This success is due to the participation of its workers throughout these 75 years and special thanks go out to each and every one of them.



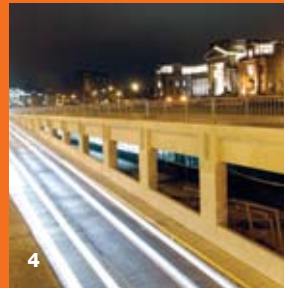
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- 1 Torre Abaco

- 2 Línea de transmisión
Mazuco – Pto. Maldonado

- 3 Refinería de Cajamarquilla

- 4 Paseo de los Héroes Navales

Mining Sector

Minas Buenaventura

4,219.60 meters of tunnels,
828.90 m of Horizontal Excava-
tions and 70.3 mts of Vertical
Excavations in Poracota

Minera El Brocal

10 years working jointly in the
open pit and moving 7,976,059
m3 of earth and 671,334 m3 of
mineral in 2008

Minera Goldfield La Cima

Civil Works and Mechanical
Assembly in the Cerro Corona
Project

Votorantim Metais – Cajamarquilla S.A.

Indium Thickener
Indium Plant Structural and
Electromechanical Assembly
Stebbins Tanks
Civil Works and Assembly
Indium Refinery
Cell House Buildings
Roaster and Acid Plant

Minera Río Tinto

Exploratory Tunnel in the La
Granja Mine

Minera Cerro Verde

Miscellaneous works

Compañía Minera Antamina

Services and facilities at the
Yanacancha Camp

Energy Sector

Pluspetrol Norte

- Re-injection of Production
Waters
- Environmental Improvement
Program
- Highway Maintenance
- Topping Plants

LNG

Electrical and Instrumentation
Works
Structural Assembly and Piping
at the Terminal

GyM

Underground

Buildings

Camps

Main Civil Works

Tank Foundations

Pluspetrol Corporation

Expansion of the Malvinas Gas

Compression Plant

GMP

Expansion and Modernization

of the Pariñas Gas Plant

Ministry of Energy and Mines

San Gabán Mazuco – Puerto

Maldonado Transmission Line

TGP

Chinquitirca Compressor

Station

CELEPSA

Paucarcocha Dam

Lining of the Platanal Shaft

PETROBRAS

Lot 58

Infrastructure Sector

Southern IIRSA – Section 1:

Recycling and foamed asphalt

work

Southern IIRSA – Section 2:

118 kms asphalted during

the year

Southern IIRSA – Section 3:

237 kms asphalted during

the year

Northern IIRSA:

110 km of highway Tarapoto-

Yurimaguas asphalted during

the year

Buenos Aires-Canchaque

Highway

Earth Movement and Reloca-

tion of Works of Art, Prime Coat

Work

City of Lima

Paseo de los Héroes Navales

Interchange

Building and Real Estate Development Sector

Novotel

210-room hotel in San Isidro

Inserfinsa

Santo Toribio Office Building

Hipermercados Tottus

in Los Parques del Agustino

Pro Ecclesia Santa

Church in Surco

Inmobiliari

Capital Office Building

Westin Libertador Hotel

303-room hotel in San Isidro

Office Building for the ABACO

Group

Distribution Center for

UNIQUE



1 Edificio Capital

2 Conjunto Residencial Los Parques del Agustino

3 Pampa Melchorita Fundaciones de tanques para Perú LNG

Inmobiliaria Viena S.A.

Golf Millenium Project

Balta 1070 Residential Building in Miraflores

Golf Los Inkas Residential Building - Monterrico

Housing Complex

Los Parques del Agustino

Javier Prado 200 Apartment Building – Magdalena

Telecommunications Sector

Ministry of Education

Structured and Electrical Wiring for Computers in the Huascarán Project nation-wide

TELMEX

Infrastructure set up in 11 turn-key equipment rooms and installation of Huawei and Cisco communication equipment

Kimberly Clark

Design and installation of structured wiring in fiber optics (Backbone) and wireless system for the production plant in Santa Clara; structured UTP for Camacho offices

Emsa – Yanacancha

Implementation of the Fire Detection System at Yanacancha for EMSA

CBI

Implementation of the Fire Detection System at the Permanent Camp and YSBL and OSBL Buildings in the project for Peru LNG (Melchorita liquefaction plant in Cañete)

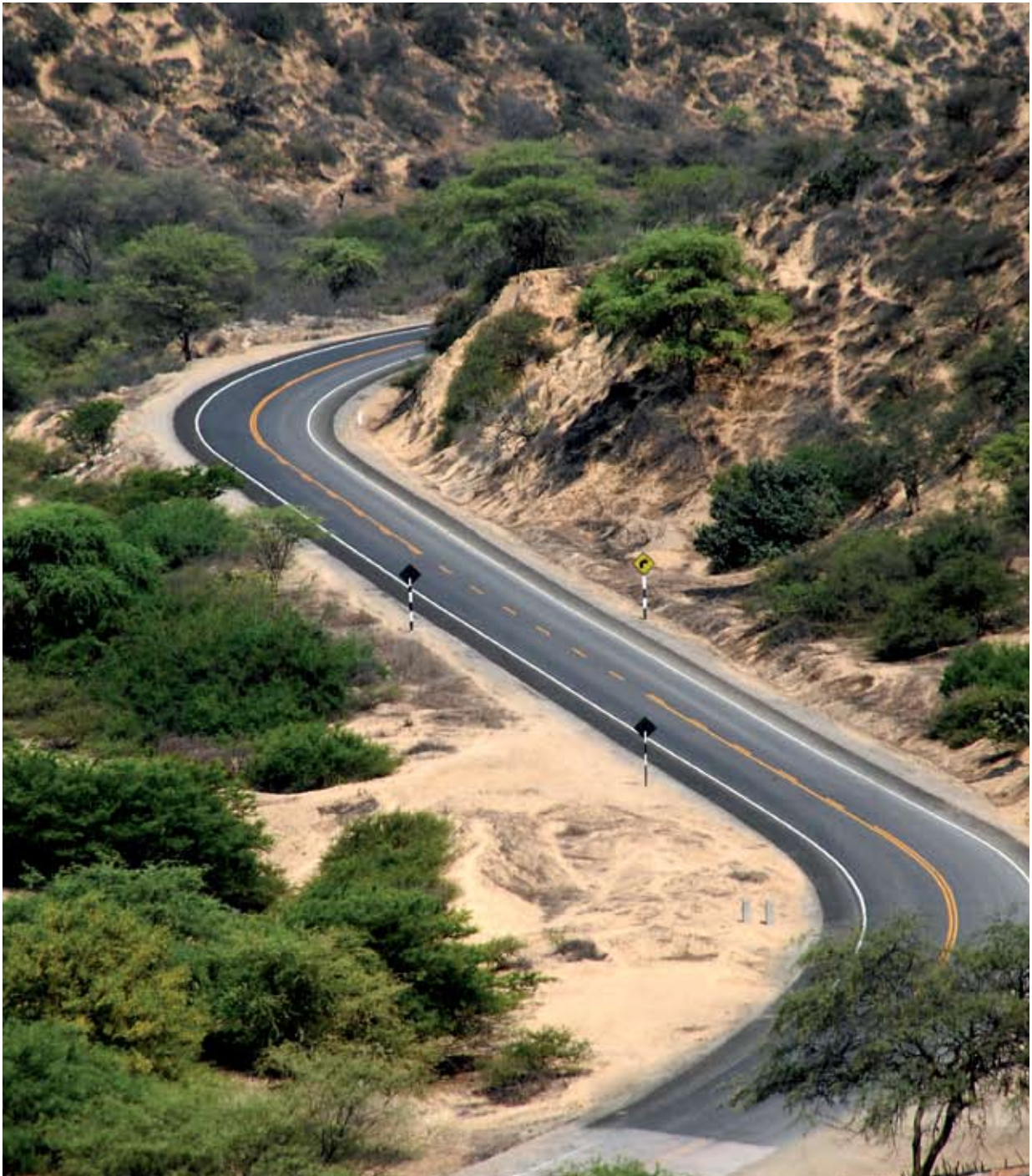
Telefónica

Miscellaneous works

Highway Maintenance And Operation

Concar

Carretera IIRSA Norte





Gerente General

Jaime Targarona Arata

14 Años de Concar

The year 2008 has been a year in which Concar continued with its Growth Plan, further consolidating its position as a leading company specializing in highway operation and maintenance. It participated actively in the Ministry of Transportation and Communications' Peru Project and obtained the contract for the maintenance of the 380+ Km section of the highway connecting Ayacucho with Abancay, passing through Andahuaylas. This section is an unpaved compacted road, due to which we have initiated a new experience in the maintenance of unpaved compacted highways. In addition, because activities related to the Northern IIRSA Highway contract and the specialization in periodic maintenance of asphalted highways have increased, investments in specialized equipment were made. Also in the year 2008, the construction of the first phase of the Ancón – Huacho – Pativilca highway was completed and repair work began on the San Juan de Marcona – Urcos highway, as well as the highway that runs from the detour to the town of Buenos Aires to Canchaque in the department of Piura.

With the Buenos Aires – Canchaque contract, CONCAR has reached a total of over 2,700 Km of highways for which it is in charge of road operation and maintenance. A greater volume of periodic maintenance work on the roads for which the concessionaires are responsible is projected for the future, without neglecting to participate in governmental processes related to the Peru Project.

The results for the year 2008 are quite satisfactory. Sales increased by more than 30%, totaling over US\$ 19 million, with margins above 15%, and there is a backlog amounting to over 60 million dollars, apart from the ample program announced by the government for the year 2009 in relation with the Peru Project, guaranteeing growth in the upcoming years.



1994

Concesión carretera
Arequipa – Matarani



2006 – a la fecha

Carretera IIRSA Norte



The projects under concession and CONCAR's responsibility are listed below.

Operation and maintenance of Ancón – Huacho – Pativilca Highway

During the year 2008, CONCAR satisfactorily handled the operation and maintenance work on approximately 285 Km of highway, in addition to providing support to Norvial by developing procedures for technical solutions to specific problems.

Operation and maintenance of the Northern IIRSA Highway, Paita – Yurimaguas

Since April of 2006, CONCAR has been in charge of the operation and maintenance of the Northern IIRSA Highway, which is approximately 955 Km long.

Operation and maintenance of Section 1 of the Interoceanic Highway

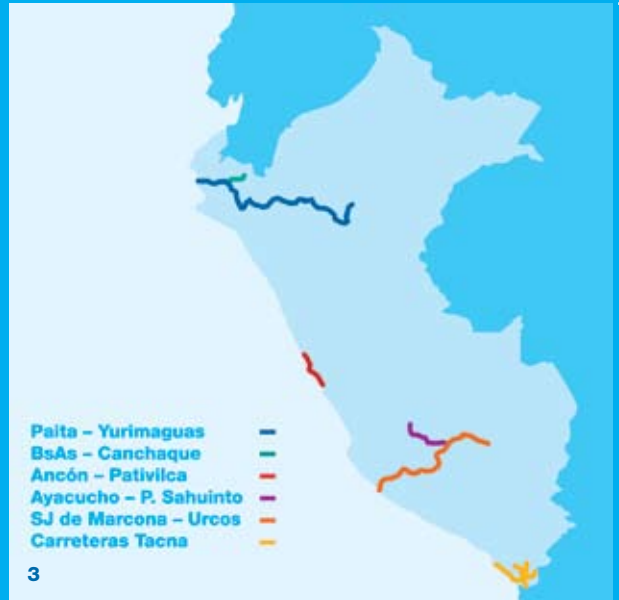
In the month of December 2007, the operation and maintenance work began on the approximately 755 Km long highway that joins the Port of San Juan de Marcona and the city of Urcos in the department of Cuzco.



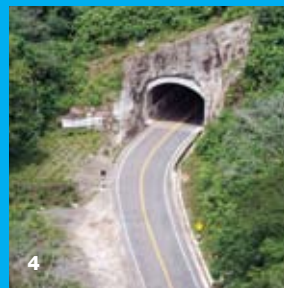
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1, 4 Proyecto IIRSA Norte

2 IIRSA Sur

3 Mapa de ubicación
 concesiones CONCAR

Service Contract for Routine and Periodic Maintenance on the 400 Km Tacna – Camiara Bridge, Tacna – Tarata, Tacna Palca, Tacna – La Concordia and Tacna – Ilo highway

En asociación con GyM con un contrato por 5 años para servicio de mantenimiento.

Contrato de Servicios de Mantenimiento Rutinario Puesta a Punto de la Carretera Ayacucho – Puente Sahuinto

Con una extensión aproximada de 380 Km, se dio inicio a este contrato en diciembre del 2008, para ejecutarse en el plazo de 4 años.

Entertainment and Fashion Center

Larcomar

Fashion Center - Larcomar





Gerente General

Antonio Rodríguez Canales

10 Años de Larcomar

It is our pleasure to present the 2008 Annual Report, which shows the best results obtained by the company since it was founded 10 years ago, once more exceeding growth expectations in commercial and financial terms, as well as positioning in the industry.

Larcomar opened its doors 10 years ago, on November 28, 1998, offering a wide, select range of entertainment, culture, cuisine and merchandise in a modern, novel open-air architectural format on the cliffs overlooking the Pacific Ocean in Miraflores, which has become the image representing the modern aspect of Lima.

During the year 2008, the commercial activity, oriented toward offering the best experience in a safe environment with quality, was visited by 6 million people, including 815 thousand tourists, which was 4% more than in 2007, enabling the operators to bill a total of US\$ 58 million dollars, 27% more than in the preceding year.

This volume of activity has reinforced Larcomar's positioning as an industry leader in tourist attractions, shopping centers and entertainment centers. The satisfaction level among all segments of visitors is 96%, which we have maintained since the startup of operations.

Larcomar is increasingly being promoted in the tourist and cultural circuit of the city of Lima, while different events have been held and well-known personalities visited during the EULAC and APEC summits. The "modern face of the city" concept has been well received by travel agencies, hotels and public organizations and is being disseminated at international fairs and important tourism forums.

Larcomar - Fashion Center's financial position has been consolidated and a 25% reduction in financial expenses has been obtained due to improvements in rates and payment periods related to structural debt that were negotiated last year.



1998

Centro de Entretenimiento Larcomar



2006-2007

Construcción del Fashion Center de Larcomar

Larcomar

Operatively, the team composed of 211 employees has actively participated in the maintenance of the facilities, in safety drills conducted jointly with Indeci (civil defense) and the fire department, gaining significant experience, which has been reinforced with an annual average of 59.15 hours of training per employee.

In the field of corporate social responsibility, Larcomar - Fashion Center participated in programs promoted by Miraflores City Hall, such as "Adopt a School", as well as those organized by Asetumi, the association for the promotion of safe tourism in Miraflores.

In 2008, these strategies resulted in 98% occupation of the leasable area, total company activity for the year of US\$ 9.9 million and EBITDA of US\$ 4.6 million, which represented a 10% increase as compared to the year 2007.

Lastly, it should be noted that organizational maturity, together with financial soundness due to the positive financial results obtained over these 10 years, make it possible to look toward the future with optimism despite the recent international financial crisis. For this reason, it has been proposed that the original Larcomar project be completed with the construction of a first class hotel with 300 guest rooms, with work starting on it in 2009. This objective confirms the vocation for innovation and growth that result in stable cash flows and generate real estate and construction synergies with the company's shareholders.



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1 Centro comercial y de entretenimiento Larcomar

2 Fashion Center Larcomar 2006–2007

3 Interior Fashion Center LM

Los principales operadores por área son:

Area Inmobiliaria, principales operadores, anunciadores y franquicias.

Alpaca 111	Tatoo	Bembos	Aura
Nike	HushPuppies	Starbucks	Gótica
Air Sport Club by Nike	Florsheim	Chilis	UVK
Liliana Castellanos	Swatch	Tony Romas	La Dama Juana
GMO	Timberland	Laritza	Backus
NU	Pizza Hut	Café Café	Phillip Morris
Íbero	Burger King	Mangos	Telefónica
Giuliana Testino	KFC	Makoto	Claro

SOCIAL RESPONSIBILITY

**Social
Responsibility**

86

**Human Resource
Management**

88

**Risk prevention and
Environment**

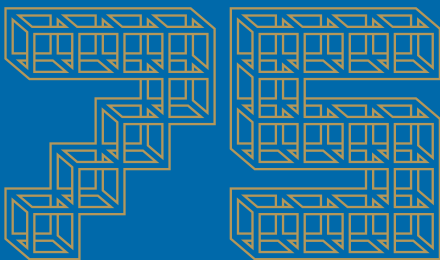
94

**Knowledge
Management**

96

Community Relations

98





BBVA

Banco Continental

Banco Continental

3065



Social Responsibility

The growth of our operations and the economic results obtained have been accompanied by an on-going commitment to our employees and the communities with which we are connected in the course of our activities, guided by corporate values that call for ethical conduct and institutional outreach.

In June of 2008, Espacio Azul, a not-for-profit civil association founded by the companies in the Graña y Montero Group, began its activities with the objective of centralizing efficient execution of its social responsibility plans to benefit our country's communities. The work of this new entity and its associates has been well received and has obtained significant recognition from the community for its contributions.

Within the framework of the 46th Annual Executives' Conference (known as CADE), Graña y Montero received the Luis Hochschild Plaut award for its contribution to education through the "Developing Job Skills in the Areas of Influence" program. By the same token,

Mariano Melgar District City Hall in Arequipa officially and publicly recognized Espacio Azul for the professional technical assistance it offered in the preparation of pre-investment studies for the installation of drinking water and sewer systems that will benefit over 23,000 inhabitants of the high-altitude areas it serves.

Recognition such as the foregoing strengthens our commitment to reach beyond the limits of the company, sharing our knowledge and experience to benefit the community.



Premio Luis Hochschild Plaut por el aporte de Graña y Montero a la educación

In accordance with our corporate policy of transparency and our role as signatory members of the World Pact promoted by the United Nations, we informed such organization of the set of social responsibility activities carried out and we have been the object of annual IDB audits of our projects, the result of which was certification that our activities are in compliance with good social practices both within and outside of our organization.

Our commitment to our own employees is maintained as the key element of our daily operations. Therefore, we continue implementing human resource management policies aimed at achieving increasing degrees of personal and professional satisfaction among the employees, providing them with the best working conditions and safety for the performance of their jobs.

Human Resource Management

The Group's significant economic growth entailed a significant increase in the total number of workers, which reached 13,012; that is, an increase of about 9% compared to the previous year. The number of professional employees has risen 14%, reaching 1,947, 72% of whom are engineers with different areas of specialization.

As a result of this growth, with the objective of supporting efficient human resource management aimed at the personal and professional development of its employees, during the year the company inaugurated the new Corporate Learning Center facilities. These include a new auditorium, an exhibition room with audiovisual equipment and new classrooms. Likewise, on the top floor of our headquarters, a modern gymnasium was inaugurated in order to offer our employees a set of modern equipment and services for a lifestyle aimed at their overall wellbeing.

As the organization is mainly composed of engineering professionals and places special emphasis on knowledge management, training activities continued being

enhanced in coordination with our Corporate Learning Center. The basic, intermediate and advanced programs aimed at developing professional competencies consolidated ordinary program planning. The conclusion of the first highly specialized internal program for project managers, in which 33 engineers from different companies within the Group participated, merits special mention.

As one of the events held to celebrate Graña y Montero's 75th anniversary, the Group's employees and their spouses were invited to a lovely dinner where joy, camaraderie and identification with the achievements of the group throughout its history prevailed. Additionally, all of the Group's employees and workers re



Auditorio del Centro Corporativo de Aprendizaje de Graña y Montero

a copy of the book titled "Peruvians Building Peru", which was published on the occasion of the organization's 75th anniversary in honor of everyone who contributed toward making our organization what it is and who, with their daily efforts, urge us forward toward new achievements.

In the annual assessment of workplace climate organized by the Great Place to Work Institute, 84 % of the participants stated that they were proud to be working for a company pertaining to the Graña y Montero Group, which further reinforces our commitment to the personal and professional development of our employees.

Estadística Formación

N° de Personas	G&M S.A.A.	GyM	GMD	GMP	GMI	CONCAR	Larcomar	Total
Empleados Planilla Subsidiarias								
Ingenieros / Arquitectos con Post Grado	14	52	18	21	20	5	0	130
Otras Profesionales con Post Grado	6	5	7	0	4	23	4	49
Profesionales de Ingeniería / Arquitectura	5	659	354	61	156	37	5	1227
Otras Profesionales	18	295	39	29	92	5	13	491
Total Profesionales	43	1011	418	111	272	70	22	1947
Técnicos	5	249	405	252	159	759	38	1867
Total Empleados Planilla Subsidiarias	48	1260	823	363	431	829	60	3814
Obreros								
Obreros Especializados	0	3334	0	0	60	0	0	3394
Obreros No Especializados	0	3775	0	0	0	0	0	3775
Obreros Subcontratistas	0	1907	0	0	0	0	0	1907
Total	0	9,016	0	0	60	0	0	9076
Total Personal	48	10,276	823	363	491	829	60	12890
Practicantes								
Practicantes	0	59	38	3	3	2	2	107
Profesionales Independientes	2	6	0	3	3	0	1	15
Total	2	65	38	6	6	2	3	122
Total General	50	10,341	861	369	497	831	63	13012



Gimnasio de Graña y Montero

Distribución por Edades al 31.12.08

N° Empleados	G&M S.A.A	GyM	GMD	GMP	GMI	CONCAR	Larcomar	Total
Menos de 20	0	1	0	0	0	6	0	7
De 20 a 30	10	513	284	55	135	327	17	1341
De 31 a 40	15	393	405	68	123	307	21	1332
De 41 a 50	13	207	103	112	96	141	17	689
De 51 a 60	8	110	28	107	58	44	5	360
De 61 a 65	1	25	3	16	8	4	0	57
De 66 a más	1	11	0	5	11	0	0	28
Total	48	1,260	823	363	431	829	60	3814

Estadística Poblacional

N° de Personas	G&M S.A.A.	GyM	GMD	GMP	GMI	CONCAR	Larcomar	Total
Organización								
Oficinas Principales	48	243	465	68	187	17	60	1088
Proyectos	0	1017	358	295	244	812	0	2726
Total	48	1,260	823	363	431	829	60	3814
Genero								
Masculino	37	1010	576	334	340	725	42	3064
Femenino	11	250	247	29	91	104	18	750
Total	48	1,260	823	363	431	829	60	3814
Jerarquía								
Alta Dirección	24	7	4	13	5	5	3	61
Empleados	24	1,253	819	350	426	824	57	3753
Practicantes	0	59	38	3	3	2	2	107
Profesionales Independientes	2	6	0	3	3	0	1	15
Obreros	0	9,016	0	0	60	0	0	9076
Total	50	10,341	861	369	497	831	63	13012

Estadística Modalidad Contractual 2007–2008

N° de Personas	G&M S.A.A. 31.12.07	G&M S.A.A. 31.12.08	GyM 31.12.07	GyM 31.12.08	GMD 31.12.07	GMD 31.12.08	GMP 31.12.07	GMP 31.12.08	GMI 31.12.07	GMI 31.12.08	CONCAR 31.12.07	CONCAR 31.12.08	Larcoimar 31.12.07	Larcoimar 31.12.08	Total 31.12.07	Total 31.12.08
Tipo de Contrato Laboral																
Empleados																
Con Vínculo Permanente	44	47	199	208	160	198	190	206	29	38	27	53	47	58	696	808
Con Vínculo Temporal	0	1	862	1052	634	625	168	157	431	393	710	776	3	2	2808	3006
Total Empleados	44	48	1061	1260	794	823	358	363	460	431	737	829	50	60	3504	3814
Obreros - Régimen Común																
Con Vínculo Permanente	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Con Vínculo Temporal	0	0	891	706	0	0	0	0	64	60	0	0	0	0	955	766
Rég. Esp. Cons. Civ (Vínculo Temporal)	0	0	7125	6403	0	0	0	0	0	0	0	0	0	0	7125	6403
Total Obreros	0	0	8016	7109	0	0	0	0	64	60	0	0	0	0	8080	7169
Total Empleados y Obreros	44	48	9077	8369	794	823	358	363	524	491	737	829	50	60	11584	10983

Risk prevention and Environment

In line with our risk prevention and environmental policies, responsible conduct regarding the environment and employees' health while they are performing their work is a distinctive practice of all employees of Corporación Graña y Montero.

This good practice generates value and an unavoidable commitment to our customers and society.

Our organization has developed an integrated risk prevention and environmental management system, taking the OHSAS 18001 and ISO 14001 guidelines as a reference for the purpose of guaranteeing fulfillment of the commitments established in our policies. This system is audited annually by the IDB, which certifies its effective, efficient implementation for the benefit of our customers and everyone working on the projects for which we are responsible, as well as the immediately surrounding environment.

During the year 2008, Corporación Graña y Montero has generated no fewer than 35 million man hours, with

the efforts of approximately 13 thousand workers who have done their best to perform their activities, adhering to the fundamental principles of job safety and respect for the environment. Our personnel's commitment to the corporation's policies has enabled us to end the year 2008 with no environmental incidents and a frequency index of 0.88.

The investment that our organization makes in guaranteeing the health and safety of its workers is evident in the increasing preventive culture and the on-going protection of its employees against work-related risks. During the year 2008, no less than 738 thousand hours were invested and recorded in instructing our personnel and raising awareness among them regarding the inherent risks of their jobs. In addition, US\$ 6.0 million



Conducta responsable con el medio ambiente

in personal and collective protection equipment have been acquired.

These results have earned us recognition from our customers over the last five years and resulted in their continuing to have confidence in us and awarding us contracts for new projects that enhance and prolong our status as a business group.

Knowledge Management

The year 2008 has marked an important phase of development and consolidation of our “Learn to Grow” strategy.

The incorporation of a special work group composed of the Human Resources managers from all of the companies has made an important exchange of experiences possible, which together with coordination and alignment has generated synergy among the companies in order to achieve the objectives established.

This year, the ratio of training hours per employee increased 6.15% over the ratio for 2007, with the noteworthy participation of the Internal Educators and instructors from the companies that have made 68% Internal Training possible. The total number of training hours amounted to 182,751 man-hours, which represented a 70% increase as compared to 2007.

Significant progress has been made in the development of portals or Internet-based communication systems that facilitate our professionals’ access to the companies’ structured knowledge and permit interaction among them through forums, etc. that have enjoyed a very good level of participation.

The publication of bulletins by the companies, as well as the presentation of talks and reports on different projects has contributed toward increasing communication and promoting the exchange of experiences in different projects.

Lastly, agents of change are being generated in the companies, thus fostering a culture of prioritization of knowledge that shall enable us to continue being an “organization that learns”.



Desarrollo de habilidades directivas

Capacitación año 2008 Horas - hombre

Descripción	GyM	GMD	GMI	GMP	Concar	Larcomar	Total
Programa Básico- Ingenieros Jóvenes	16,918	8,062	746	8,246	1,029	73	35,074
Desarrollo Profesional	20,926	15,022	11,894	288	38,405	1,308	87,843
Memoria Colectiva	1,102	46	35	104	50	25	1,362
Capacitación Externa	19,892	13,827	7,496	13,946	1,168	2,143	58,472
Total General	58,838	36,957	20,171	22,584	40,652	3,549	182,751
Promedio anual empleados	1,222	788	613	358	854	60	3,895
Ratio: HHs de capacitación/ Empleado	48.15	46.90	32.91	63.08	47.60	59.15	46.92
PDR - GA - Obreros	667,758	NA	16,795	27,252	26,338	NA	738,143

Community Relations

Throughout the year 2008, we continued developing social responsibility plans during the execution of our projects, aware of the importance of developing good relations with the surrounding communities and sharing knowledge about our engineering activity with them, in favor of their sustainable development.

In line with our Social Responsibility Policy, priority has been given to activities whose line of action is education and Job Training Workshops were held to benefit the local populations where we carry out our projects, whether in rural, urban or marginal-urban settings in different parts of the country. For this reason, we received the annual "Luis Hochschild Plaut" award for Graña y Montero's contribution to education through the "Developing Job Skills in the Areas of Influence" program, as well as recognition from Peru 2021 for our contribution to corporate social responsibility in the community category in relation with the "Developing Skills for Insertion in the Job Market" program.

During the year 2008, through the execution of different social responsibility plans, approximately 13,643 people have benefited from actions related to education and 24,015 people have benefited from other activities related to the environment or other issues in the community's interest.

In addition, as part of the corporate social responsibility projects carried out to benefit the community, our civil association, Espacio Azul, provided technical assistance and specialized advisory services for the execution of social investment projects, among which the service provided to the municipalities of Miraflores and Mariano Melgar in the city of Arequipa stand out. Due to this assistance, having complied with SNIP/Na-



Responsabilidad Social

Capacitación indirecta clases practicas taller de construcción de viviendas en adobe mejorado comunidad Contagallo – Cañete.



Donación Biblioteca

Colegio Jabonillal de Talara – 2008.



Mujeres andinas emprendedoras

tional Public Investment System requirements, both municipalities were able to gain access to financing that enabled them to expand their drinking water and sewer networks.

The following is a summary of the different actions carried out in the different areas of influence of our operations.

Proyectos de Responsabilidad Social

INICIATIVA	GRUPO OBJETIVO - BENEFICIARIO DIRECTO	LUGAR
Apoyo continuo al colegio Jabonillal: Donación de biblioteca, vivero, mejora en infraestructura, útiles, uniformes y medicinas; Apoyo económico para actividades de esparcimiento y Talleres para los padres.	Alumnos de la Institución Educativa Jabonillal Pariñas Talara	Talara – Piura
Charlas de Educación Vial denominadas “Educación en Seguridad Vial” 8,829 horas de capacitación	Niños y Niñas de Instituciones Educativas cercanas a: Carretera Paíta – Yurimaguas Proyecto IIRSA Norte; Carretera Ancón – Huacho – Pativilca; Carretera San Juan de Marcona (Nazca) / Urcos (Cusco) IIRSA Sur Tramo – 1 y Proyecto Conservación Vial Tacna.	Paíta – Piura; Ancón / Huacho / Pativilca – Lima; San Juan de Marco – Cusco; y Pachia / Tomasiri / Sama Las Yaras – Tacna
Coordinación para Capacitación Laboral “Construcción de Vivienda con Adobe Mejorado” en alianza con CB&I y la ONG CARITAS	Comunidades de Cañete	Cañete – Lima
Diálogos y coordinaciones con dirigentes para implementación de Talleres de Capacitación para la Inserción Laboral en construcción Civil	Dirigentes: CLAS del Distrito de Lurín – zona A; Sindicato de CC de Lurín; comunidades de Cañete y Yauyos; comunidades de Chincha – Cañete y Coordinadores de Municipios.	Lurín/Cañete – Lima y Chincha – Ica
Talleres de Capacitación para la Inserción Laboral en construcción civil (54). 49,976 horas de capacitación.	Pobladores de las comunidades y desocupados de la zonas de influencia.	Buenos Aires – Piura; El Agustino / Cañete – Lima; Puquico – Ayacucho y Chincha – Ica

Talleres de Capacitación Laboral “ Enchapados de cerámicos” 912 horas de capacitación	Jóvenes de la comunidad campesina de Santa Rosa de Colquijirca y del Centro Poblado de Colquijirca.	Tinyahuarco – Pasco
Talleres de Capacitación Laboral “ Reparaciones básicas de Instalaciones Sanitarias” 1,104 horas de capacitación	Jóvenes de las Comunidades Campesinas de Santa Rosa de Colquijirca, Smelter, Villa Pasco y Centro Poblado de Colquijirca.	Tinyahuarco – Pasco
Talleres de capacitación Laboral “Construcción de Cocinas Mejoradas” 13,120 horas de capacitación	Comunidades: La Granja, La Iraca, Paraguay, La Pampa – CHOTA CAJAMARCA	Chota – Cajamarca
Talleres de Capacitación Laboral “Curso Básico de Instalaciones Eléctricas Domiciliarias”. 1,200 horas de capacitación	Alumnos del 5to año de Secundaria de la Institución “Educativa Nacional Miguel Grau Seminario”– Asociación de Vivienda Los claveles, Distrito de Lurín	Lurín – Lima
Talleres de Capacitación Laboral “Curso Básico de Instalaciones Eléctricas Domiciliarias”. 1,200 horas de capacitación	Alumnos del 5to año de Secundaria de la Institución “Educativa Nacional Miguel Grau Seminario”– Asociación de Vivienda Los claveles, Distrito de Lurín	Lurín – Lima
Talleres de Capacitación Laboral “Instalaciones de agua y alcantarillado”. 4,480 horas de capacitación	Comunidades: La Granja, La Iraca, El Sauce, Paraguay, La Pampa – CHOTA CAJAMARCA	Chota – Cajamarca
Talleres de Capacitación Laboral “Mantenimiento Básico de Instalaciones Eléctricas” 960 horas de capacitación.	Jóvenes de las comunidades Campesinas de Santa Rosa de Colquijirca, Smelter y CP de Colquijirca.	Tinyahuarco – Pasco
Talleres de Capacitación Laboral en alianza con la ONG Servicios Educativos de El Agustino. 4,680 horas de capacitación.	Jóvenes de El Agustino, de 18 a 29 años	El Agustino – Lima

Talleres de Comunicación e integración para los docentes y personal del Colegio Juana Alarco de Danmert.	Colegio Juana Alarco de Danmert	Miraflores – Lima
Asistencia social a pobladores de Talara a través de la gestión de la Gobernación	Pobladores en extrema pobreza	Talara – Piura
Campañas de salud: Vacunación gratuita contra la Hepatitis B; Obstetricia, higiene bucal y medicina general	Centros Educativos de San Vicente de Cañete y Comunidad en general	Cañete – Lima y Chincha – Ica
Chalas a dirigentes vecinales sobre características de los proyectos: NASA UNIQUE; Corredor Vial Interoceánico	Dirigentes de la Mesa de Concertación, Dirigentes Territoriales del Distrito de Lurín-Zona A, Dirigentes de las OSB y Coordinadores de los Municipios	Lurín – Lima y Puquio – Ayacucho
Charlas sobre cuidado del Medio Ambiente; organización de grupos de trabajo para limpiar el cauce de una torrenta cercana y segregación de residuos sólidos	Escolares de secundaria del Colegio Jose Carlos Mariátegui de Colquijirca y Instituciones educativas cercanas a la carretera San Juan de Marcona (Nasca) / Urcos (Cusco)	Tinyahuarco – Pasco; San Juan de Marcona – Nasca y Urcos – Cusco.
Programa de capacitación: Mujeres Andinas Emprendedoras: Tejido.	Esposas de Colaboradores que viven en las localidades de Condorcocha	Tarma – Junín
Proyecto Integral en conjunto con COLP, CB&I, COSAPI y APC para capacitar a los comedores populares.	Comedores Populares de Chincha	Cañete – Lima y Chincha – Ica
Talleres de actitud para el cambio, autoestima y desarrollo personal y familiar, herramienta: metodología de la dramatización e intercambio de roles.	Miembros de la comunidad de Condorcocha y Carpapata	Tarma – Junín
Apoyo a profesores (03) de colegios en Los Organos para su capacitación en la UDEP.	Profesores de colegios nacionales en Los Organos	Los Organos – Piura
Apoyo a viaje de promoción de Colegio de Comunidad Willoq (Visita Museo de Oro y almuerzo en Larcomar)	Promoción 2007 Institución Educativa #501617	Miraflores – Lima

Apoyo con material para infraestructura educativa y programas de alfabetización	Centro Educativo Ciro Guevara Perez – La Granja – Chota – Cajamarca; Comedor Popular A.H. Ancieta Alta	Chota – Cajamarca; El Agustino – Lima
Apoyo con útiles escolares a comunidades	Centros Educativos de Comunidades Campesinas de: Colquijirca, Smelter, Villa Pasco, Huaracaca, Racracancha; CP de Colquijirca; Tanta y La Granja	Tinyahuarco – Pasco; Tanta – Lima y Chota – Cajamarca
Campaña: “Dona un juguete y harás sonreír a un niño” (Donantes: Trabajadores GMI),	Niños Hospitalizados del Hospital del Niño	Breña – Lima
Concurso escolar de afiches y slogans, teniendo como tema central “El Reciclaje”	Centros Educativos Nacionales de San Vicente – Cañete	Cañete – Lima
Construcción de un muro de contención de concreto; loza deportiva; plataforma para áreas verdes; parque infantil y escalera para A.H.	Pobladores de Independencia; Ganímedes; A.H. La Planicie y A.H. Juan Pablo II	Independencia/San Juan de Lurigancho – Lima
Coordinación de compras con proveedores locales en Chinchay Cañete	Comunidades de Chinchay Cañete	Cañete – Lima y Chinchay Ica
Donación de Departamento en Proyecto Parques del Agustino para ser sorteado en Teletón 2008. El monto recaudado en alianza con Claro y el Fondo de Vivienda fue de: S/.220,000 aproximadamente.	Clínica San Juan de Dios	A nivel Nacional
Mejoras en la infraestructura de: Escuela de Chota; Local Pronei y Parroquia de la comunidad La Granja.	Escolares de Chota; Comunidades de La Palma – Paraguay – Cajamarca y Comunidad La Granja	Chota/Paraguay – Cajamarca
Realización de (02) dos funciones de cine para implementar sala de computo – Programa Adopta una Escuela.	Colegio Juana Alarco de Danmert	Miraflores – Lima

Sembrado de 143 arbolitos en Proyecto Parques del Agustino realizado por los trabajadores de GyM S.A.	Pobladores que residirán en el Conjunto Habitacional Parques del Agustino	El Agustino – Lima
Apoyo económico y con materiales diversos a entidades u organizaciones comunitarias.	Centros Educativos de Colquijirca; Pequeñas empresas de A.H. 2 de Mayo; Centro Victoria; Mypes de metalmecánica El Agustino, Pobladores del distrito de Tanta, del Pueblo de Mancora, del A.H. Los Alamos y Querocoto.	Tinyahuarco – Pasco; El Agustino / Tanta – Lima y Querocoto – Cajamarca
Apoyo con maquinaria pesada para la nivelación de terrenos de centros educativos	Colegios de las comunidades campesinas Santa Rosa de Colquijirca, Smelter y Villa Pasco	Tinyahuarco – Pasco
Apoyo con utensilios e implementos para el programas Vaso de Leche	Niños y madres del Pueblo Nuevo Los Órganos y Distrito de Negritos	Los Órganos – Piura; Negrito – Piura
Shows infantil navideños, chocolatadas y entrega de juguetes en comunidades	Niños de 0 a 12 años de edad del Pueblos de Huacapuquio; Talara; zonas de influencia de Consorcio Terminales y Colquijirca – Cerro de Pasco	Cañete; Talara; Salaverry; Chimbote; Supe; Pisco, Mollendo, Cusco, Ilo; Eten, Lima y Cerro de Pasco

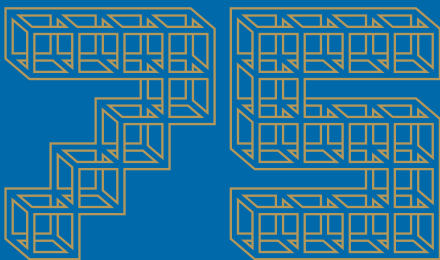
Iniciativa	Estado	Grupo Objetivo Beneficiario directo	Lugar
Proyectos especiales			
Asistencia técnica en un estudio preliminar y elaboración del informe respectivo para la evaluación de un proyecto de apoyo social en infraestructura educativa. Trabajo realizado en coordinación con "Cía. Minera Barrick Misquichilca S. A." en el distrito de Santiago de Chuco.	Información levantada para 03 centros educativos e informe presentado sobre necesidades de inversión.	Un total de 1881 alumnos	Región La Libertad, Provincia y distrito de Santiago de Chuco.
Asistencia técnica en la revisión del expediente técnico "Mejoramiento y Ampliación de las Redes de Agua Potable y Alcantarillado" elaborado por la Municipalidad del distrito de Orcopampa – Arequipa. Trabajo realizado en coordinación con Cía. Minera Buenaventura:	Informe presentado	Beneficiarios 13,273 habitantes	Región Arequipa, distrito de Orcopampa.
Asistencia técnica en un estudio preliminar y elaboración del informe respectivo para la evaluación de un proyecto de apoyo social en rehabilitación de infraestructura de riego comunal en Cañete y Chincha. Trabajo realizado en coordinación con Perú LNG.	Informe presentado	Beneficiarios 500 familias	Región Lima – Cañete y Región Ica – Chincha.
Asistencia técnica en el análisis de una base de datos sobre Instituciones Educativas factibles de recibir apoyo para la mejora del servicio educativo en las Regiones de Ayacucho y Huancavelica. Trabajo realizado en coordinación con Perú LNG.	Informe presentado	Un estimado de 350 alumnos	Región Ayacucho y Huancavelica
Asesoría a SURVIAL en la coordinación con autoridades locales del distrito de Puquio a efectos de evaluar las posibilidades de ofrecer asistencia técnica en la realización de estudios de pre-inversión a nivel de perfil para un hospital local.		Población adscrita según MINSA	Región Ayacucho, Provincia de Lucanas, distrito de Puquio.

<p>Asistencia técnica en la etapa de pre-inversión:</p> <p>1.PASO I: Se apoyo en la gestión del pase de nivel perfil a nivel Factibilidad del estudio del distrito de Miraflores en Arequipa, coordinándose con el Ministerio de Economía y Finanzas, Gobierno Regional y Gobierno Local.</p> <p>2.PASO II: Se brindó Asistencia Técnica permanente en el desarrollo del estudio de Factibilidad “Instalación de Redes Primarias y Secundarias del Sistema de Agua Potable y Alcantarillado de los Pueblos Jóvenes de las Partes Altas del distrito de Miraflores – Provincia de Arequipa.</p> <p>3.PASO III: Se apoyó en la gestión de viabilidad del estudio de factibilidad de Miraflores ante el Gobierno Regional de Arequipa.</p>	<p>Se aprobó la viabilidad del estudio de factibilidad donde culmina la etapa de pre-inversión. La Municipalidad emprenderá la etapa de inversión, desarrollando el expediente técnico.</p>	<p>Área a beneficiar: 95 ha., de 1,923 lotes existentes. 7,692 habitantes para el 2009 y 11,497 para el año 2029 (horizonte del proyecto)</p>	<p>Distrito de Miraflores en la provincia de Arequipa</p>
<p>Asistencia técnica en la etapa de pre-inversión:</p> <p>1.PASO I: Se apoyo en la gestión de nivel de perfil a nivel Factibilidad del estudio del distrito de Mariano Melgar en Arequipa, coordinándose con el Ministerio de Economía y Finanzas, Gobierno Regional y Gobierno Local.</p> <p>2.PASO II: Se brindó Asistencia Técnica permanente en el desarrollo del estudio de Factibilidad “Instalación de Redes Primarias y Secundarias del Sistema de Agua Potable y Alcantarillado de las Partes Altas del distrito de Mariano Melgar – Provincia de Arequipa.</p>	<p>Estudio de factibilidad concluido. La Municipalidad gestiona el otorgamiento de la viabilidad y con ello iniciar el desarrollo del expediente técnico de la etapa de inversión.</p>	<p>Área a beneficiar: 306 ha., de 4,638 lotes existentes. 23,190 habitantes para el 2009 y 28,184 para el año 2029</p>	<p>Distrito de Miraflores en la provincia de Arequipa Miraflores – Arequipa</p>

CORPORATE GOVERNANCE

Corporate Governance

110







Corporate Governance

Continuing with our effort to consolidate the best corporate governance practices, in the year 2008 Graña y Montero participated in the Good Corporate Governance Index which the Lima Stock Exchange published for the first time, with the participation of only 7 companies. Our inclusion was the result of the evaluation of our good governance practices by an external auditor previously approved by the Lima Stock Exchange.

Continuing with our effort to consolidate the best corporate governance practices, in the year 2008 Graña y Montero participated in the Good Corporate Governance Index which the Lima Stock Exchange published for the first time, with the participation of only 7 companies. Our inclusion was the result of the evaluation of our good governance practices by an external auditor previously approved by the Lima Stock Exchange.

The Board of Directors' committees were strengthened this year, encouraging the participation of the Independent External Directors and reducing the participation of the Internal Directors. The Audit and Process Committee held 3 meetings this year, the Investment and Risk Committee had 5 meetings, and the Human Resource Management and Social Responsibility Committee met twice in 2008.

The Shareholder Service Office handled 42 inquiries from shareholders and potential investors in 2008 and the company, in line with the launch of our new image, redesigned the website, incorporating more useful information for the shareholders and investors.

For the third time, Graña y Montero S.A.A., as well as our subsidiaries, underwent a Self Assessment of the Board of Directors. As part of the process of becoming familiar with the business in the field, our directors visited the Parques del Agustino construction project and the new Gas Plant in Talara.

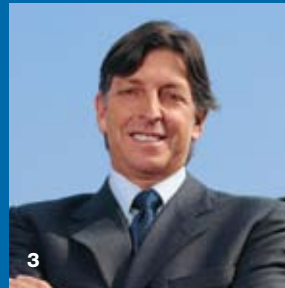
As of December 31, 2008, we had 865 shareholders, of which approximately 13.25% own less than 1% of the capital stock. Nearly 30.29% own between 1 and 5% of the capital stock.



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1 José Graña Miró Quesada
President

2 Carlos Montero Graña
Vice President

3 Mario Alvarado Pflucker
Internal Director –
General manager



4



5



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4 Teodoro Harmsen Gómez de la Torre
External Director

5 Roberto Abusada Salah
Independent External Director

6 Jean Louis Dupoirieux
External Director



7



8



9

7 José Chlimper Ackerman
Independent External Director

8 Augusto Baertl Montori
Independent External Director

9 Hernando Graña Acuña
Internal Director

In March of 2008, the General Assembly of Shareholders elected the Board of Directors for the 2008–2010 period, maintaining five external directors among its members. Of these five, 3 are independent external directors; that is, they do not have a significant number of shares in the company.

Directorio

José Graña Miró Quesada

President of the Board of Directors and an architect by profession. Additionally he is the President of the Board of Directors of the subsidiaries GyM, GMP, GMD, CONCAR, and LARCOMAR, as well as Vice President of the Board of Directors of GMI. He is also a director of Empresa Editora El Comercio S.A. and Relapasa.

Carlos Montero Graña

Vice President of the Board of Directors and a civil engineer by profession. Additionally, he is the Vice President of the Board of Directors of GyM, Vice President of the Board of Directors of GMP and a director of GMD, GMI and CONCAR.

Mario Alvarado Pflucker

Director and General Manager. Civil Engineer with a master's degree in Business Administration from George Washington University, U.S.A. Currently, he is also a director of GMD, GMI, GyM, GMP, CONCAR, Larcomar, Norvial and América Leasing.

Teodoro E. Harmsen Gómez de la Torre

Director and a civil engineer by profession. President of GMI S.A. and a director of Wagonlits and MDI. Professor emeritus at the PUCP School of Science and Engineering. He is also an honorary member of the American Concrete Institute, among other distinctions.

Roberto Abusada Salah

Director, with a PhD in Economics (Cornell, U.S.A.). He is a director of GMD, CONCAR, Mauricio Hothschild y Cía. Ltda. S.A.C. and the Peruvian Institute of Economics (IPE).

Jean-Louis Dupoirieux

Director and a civil engineer by profession. He is a Project Director at Vinci-Construction Grands Projets (France) and also a director of GyM and Sociedad Concesionaria Puente de Chiloe (Chile).

José Chlimper Ackerman

Director. He has a degree in Economics and Business Administration from North Carolina State University and holds the position of President of the Board of Directors of Corporación Drokasa and Sociedad Agrícola Drokasa, where he is also the CEO. Director of Maestro Home Center, Banco Central de Reserva del Peru and Aeropuertos del Peru. Additionally he is a director of GMD.

Augusto Baertl Montori

He is a mining engineer by profession and the Executive President of Gestora de Negocios e Investments S.A. and IMA Latin America Inc. Additionally, he is the President of the Board of Directors of Agrícola Chapi S.A. and a director of Alturas Minerals, Norsemont, Interbank, GMP and FIMA.

Hernando Graña Acuña

Director, industrial engineer with a post graduate degree in Mining Engineering from the University of Minnesota, U.S.A.. He is a director of GyM, GMI, GMP, Ecotec S.A. and CONCAR. President of Norvial S.A. He is also a director of CAPECO and TGP.

Board of Directors' Committees

Auditing and Processes Committee

Composed of
Roberto Abusada Salah
Chairman

Jean Louis Dupoirieux

José Chlimper Ackerman

Human Resources Management and Social responsibility Committee

Composed of
Augusto Baertl Montori
Chairman

José Chlimper Ackerman

Roberto Abusada Salah

Investment and Risk Committee

Composed of
José Graña Miró Quesada
Chairman

Augusto Baertl Montori

Teodoro Harmsen Gómez de la Torre

Steering committee

The Steering committee responsible for the Group's coordination is composed of the 4 Executive Directors and 7 General Managers of companies in the Group.

José Graña Miró Quesada

Carlos Montero Graña

Hernando Graña Acuña

Mario Alvarado Pflucker

Juan Manuel Lámbarri

Francisco Dulanto Swayne

Jaime Dasso Botto

Walter Silva Santisteban Requejo

Jaime Targarona Arata

Rolando Ponce Vergara

Antonio Rodríguez Canales

President

Vice President

Director

Managing Director

General Manager GyM

General Manager GMP

General Manager GMD

General Manager GMI

General Manager CONCAR

General Manager GMV

General Manager LARCOMAR

Senior Executives

Mario Alvarado Pflucker

Corporate General Manager from 1997 to the present. Obtained a bachelor's degree in Civil Engineering from Universidad Ricardo Palma and a master's degree in Engineering Administration, specializing in Construction Management, from George Washington University, U.S.A. Currently, he is also a director of GMD, GMI, GyM, GMP, CONCAR, Larcomar, Norvial and América Leasing.

Juan Manuel Lábarri Hierro

General Manager of GyM from 2001 to the present. Civil Engineer graduated from Pontificia Universidad Católica del Perú and Senior Management Program (Spanish acronym: PAD) at Universidad de Piura. He began working for Graña y Montero in 1982 and currently, he is also a director of GyM.

Hernando Graña Acuña

GyM director and executive. Industrial Engineer with a post graduate degree in Mining Engineering from the University of Minnesota, U.S.A. He is a director of GyM, GMI, GMP, Ecotec S.A. and CONCAR. President of Norvial S.A. He is also a director of CAPECO and TGP.

Francisco Dulanto Swayne

General Manager of GMP S.A. since it was founded in 1984 and a director since 1988. Studies at Universidad Nacional de Ingeniería (National Engineering University), ESAN, PAD Universidad de Piura. He has been working for the Graña y Montero Group since 1974. He is also a director of Consorcio Terminales and CLHB (Bolivia). He was the President of SPE (Society of Petroleum Engineers), Lima Section, in 1991 and Director of the Sociedad Nacional de Minería, Petróleo y Energía (the National Society of Mining, Petroleum and Energy) from 1993-1994 and 2005-2006.

Jaime Dasso Botto

General Manager of GMD from 2000 to the present. He obtained a bachelor's degree in Electronic Engineering and a master's degree in Software Development from Stevens Institute of Technology, U.S.A. He was the Commercial Manager of GMD from 1994 to 1999. Currently, he is also a director of GMD.

Walter Silva Santisteban Requejo

General Manager of GMI from 1998 to 2005 and Managing Director from 2006 to the present. He obtained a bachelor's degree in Civil Engineering from Universidad Nacional de Ingeniería (National Engineering University). Currently, he is also a director of ECOTEC.

Jaime Targarona Arata

General Manager of CONCAR since August of 2005. Civil Engineer graduated from Universidad Autónoma de Guadalajara, with an MBA from Universidad San Ignacio de Loyola. He has also held the position of Civil Engineer on different projects, Commercial Manager of the GyM Special Projects Division and General Manager of Graña y Montero Mexico.

Rolando Ponce Vergara

General Manager of GMV since October of 2008. Previously, he held the position of Manager of the Real Estate Division. He has worked for the Group since the year 1993. He is a Civil Engineer by profession, with a degree from Universidad Ricardo Palma and a master's degree in Construction and Real Estate Business Management from Pontificia Universidad Católica de Chile-Politécnica de Madrid.

Luis Díaz Olivero

Corporate Finance Manager since December 15, 2004. Industrial Engineer graduated from Pontificia Universidad Católica, with an MBA from the University of Pittsburgh. Since joining the Group in 1993, he has also been the Finance Manager of GMP S.A from 1998 to 2000 and the Finance Manager of GyM from 2001 to 2004.

Miguel Valentín Ghezzi

Business development Manager since October of 2006. He has a degree in Business Administration from Universidad del Pacífico and an MBA from Harvard Business School. He has been with the Group since November of 2004. He is a director of CONCAR, Survial and Larcomar. Previously, he worked for Citibank in the Corporate Finance Area and was a consultant with McKinsey & Company in Madrid.

César Neyra Rodríguez

Manager of Internal Auditing and Management Processes. He has a bachelor's degree in Accounting from Universidad Nacional Federico Villarreal and a master's degree in Business Administration and Finance from Universidad del Pacífico. He has also studied Quality Improvement Systems and graduated from the Six Sigma Methodology program at Caterpillar University in Mexico and the U.S.A.

Claudia Drago Morante

Corporate Legal Manager from 2000 to the present. Attorney graduated from the University of Lima. PADE in Finance and Corporate Law from ESAN. She was the Legal Advisor to GMD from 1997 to 2000.

Juan José Arrieta Ocampo

Manager of Human Resources Management and Social Responsibility since November of 2007. Bachelor's degree in Sociology from Pontificia Universidad Católica. PADE in Business Administration from ESAN. He was the Human Resources Manager at GyM from 1999 through October 2007.

Kinship

Mr. José Graña Miró Quesada, President of the Board of Directors, has first degree kinship with Mr. Miguel Valentín Ghezzi, a director of Concar and Larcomar and Business Development Manager at Graña y Montero, third degree kinship with Ms. Yamile Brahim Graña, shareholder of the company, and fourth degree kinship with the director, Mr. Hernando Graña Acuña. Lastly, Mr. Teodoro Hans Harmsen Andress, a director of GMP, has first degree kinship with Mr. Teodoro Harmsen Gomez De La Torre, a director of the company.

Company Name

In a corporate split-off from Investments Graña y Montero S.A., Graña y Montero S.A.A. was incorporated by public deed on August 12, 1996 and registered on card 131617 and electronic record 11028652 in the Registry of Legal Entities of Lima.

Capital

The capital of the company as of December 31, 2008 amounted to S/.390,798,933.00, represented by 558,284,190 shares with a nominal value of S/. 0.70 each as a result of an increase in capital stock agreed upon by the General Assembly of Shareholders on March 31, 2008.

Principales Accionistas

El principal accionista es GH Holding Group, representada por José Graña Miro Quesada, Presidente del Directorio.

Relación de Principales Accionistas al 31.12.2008

Nombres y apellidos	Numero De Acciones	Participacion (%)	Nacionalidad
GH Holding Group	117,538,227	21.05%	Panamá
AFP Integra (ING GROUP)*	66,312,888	11.88%	Perú
Prima AFP (Grupo Crédito) *	66,130,519	11.85%	Perú
AFP Horizonte (Grupo BBVA)*	51,154,671	9.16%	Perú
Profuturo AFP (Grupo Citibank)*	38,771,698	6.94%	Perú
Bethel Enterprises S.A.	33,986,024	6.09%	Panamá
Vinci Construction (Grupo Vinci)	32,825,259	5.88%	Francia
Byron Development	24,040,669	4.31%	Panamá
Genesis Smaller Companies SICAV	22,090,451	3.96%	Luxemburgo
Subtotal	206,439,961	81.12%	
Otros Accionistas	351,844,229	18.88%	
Total	558,284,190	100.00%	

* Sumatoria de los Fondos 1,2 y 3

Tenencia	Número de Accionistas	Porcentaje de participación al 31.12.08
Menor a 1%	848	13.25%
Entre 1% - 5%	10	30.29%
Entre 5% - 10%	6	35.41%
Mayor al 10%	1	21.05%
Total	865	100.00%

Social purpose

The company's main objective is to dedicate its efforts toward investments and mercantile operations in general, as well as engineering services, management consultancy, real estate investments, and the acquisition, transfer and negotiation of shares of companies and other securities.

CIU – 6719

Duration of the Company

Graña y Montero S.A.A. was incorporated for an indefinite period of time.

Changes in Shares

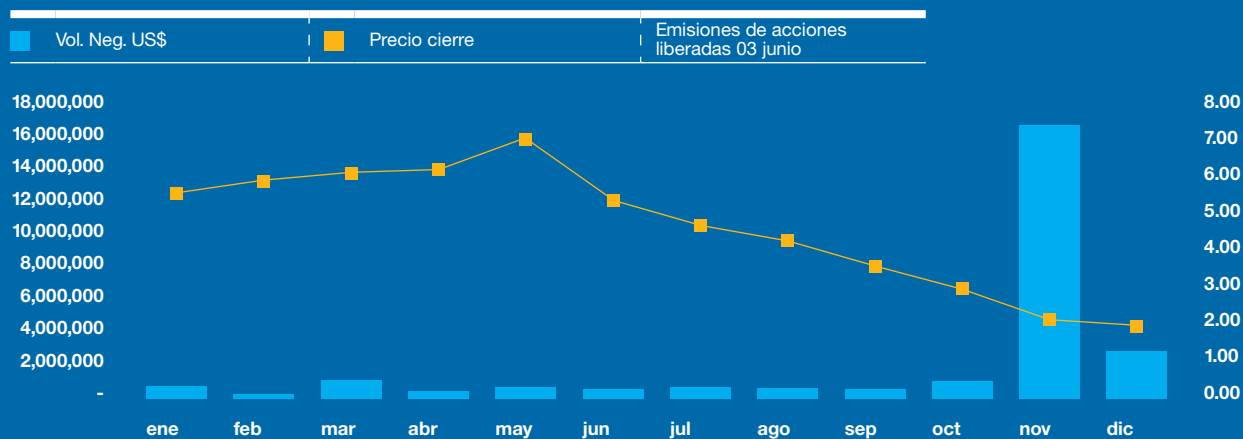
The stock market quotation was S/.5.61 per share in January and S/. 2.00 per share on December 31, partially due to the issuance of 130,060,057 paid-up shares. The average liquidity during the period was 83.47 % and the volume traded during the year totaled S/.83,567,324.

In the month of April, dividends in the amount of S/. 25.9 MM were distributed.

Cotizacion mensual de acciones

Codigo ISIN	Nemonico	Año - Mes	Cotizaciones 2008				Precio
			Apert. S/.	Cierre S/.	Max. S/.	Min. S/.	Prom. S/.
PEP736581005	GRAMONC1	2008-01	6.00	5.61	6.10	5.40	5.75
PEP736581006	GRAMONC1	2008-02	5.63	5.92	5.95	5.60	5.90
PEP736581007	GRAMONC1	2008-03	5.92	6.15	6.20	5.92	6.08
PEP736581008	GRAMONC1	2008-04	6.15	6.25	6.40	6.06	6.21
PEP736581009	GRAMONC1	2008-05	6.25	7.05	7.05	6.25	6.73
PEP736581010	GRAMONC1	2008-06	7.06	5.40	7.13	5.40	5.64
PEP736581011	GRAMONC1	2008-07	5.00	4.67	5.00	4.67	4.93
PEP736581012	GRAMONC1	2008-08	4.67	4.30	4.67	4.29	4.43
PEP736581013	GRAMONC1	2008-09	4.30	3.63	4.35	3.50	3.86
PEP736581014	GRAMONC1	2008-10	3.60	2.99	3.60	2.96	3.10
PEP736581015	GRAMONC1	2008-11	2.99	2.10	2.99	2.01	2.02
PEP736581016	GRAMONC1	2008-12	2.10	2.00	2.15	2.00	2.07

Volumen de negociado GRAMONC 1



Bonos de Titulización

En octubre 2003 la empresa y sus principales subsidiarias colocaron Bonos Titulizados con garantía parcial del BID y el FMO por un monto de US\$ 50 millones, con amortizaciones semianuales con vencimiento en Setiembre 2011. Al cierre de Diciembre 2008 dichos bonos tienen un saldo de S/. 73,390,836 (US\$ 23,4 MM). En el año 2006, la empresa obtuvo la aprobación de la Junta de Bonistas y los Garantes para reducir los niveles de garantía del BID y el FMO, liberar la cuenta de reserva y flexibilizar ciertas condiciones en la estructura de los Bonos que generaban ineficiencias operativas y tributarias. Estas modificaciones no afectan la clasificación de los mismos manteniéndose el rating en AAA.

Codigo Isin	Nemonico	Instrumentos Corto Plazo	Cotizaciones 2008				Precio
		Corto Plazo	Apert %	Cierre %	Max %	Min %	Prom %
PEP80070F083	INTE0BTG1U	Bonos de Titulización	102.20%	100.00%	102.20%	97.02%	101.03%

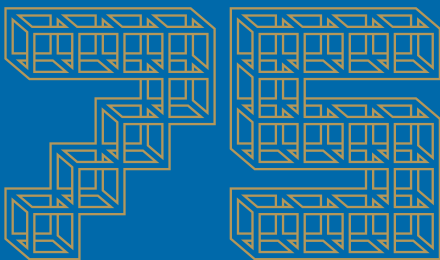
Instrumentos de Corto Plazo

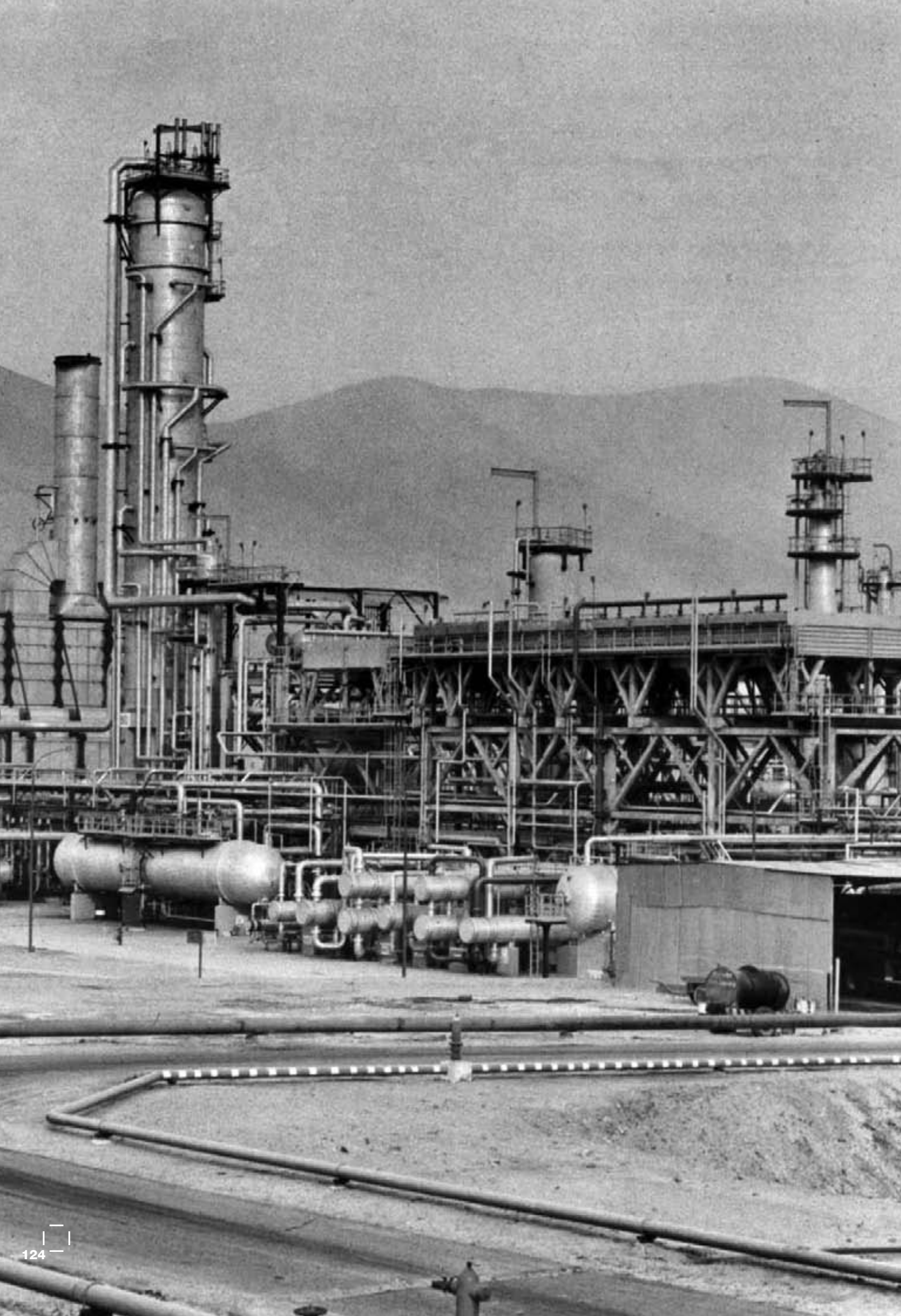
En Noviembre 2008 se renovó la línea de instrumentos de corto plazo en el mercado de capitales por US\$ 20 millones durante un período de dos años adicionales. Al 31 de diciembre 2008, la empresa tiene vigente dos emisiones, cada una por US\$ 7MM con vencimiento en Julio y Noviembre 2009.

ANALYSIS OF RESULTS

Informe del Análisis de la Administración

126







12

11

GASOLINA 90

Analysis of Results

Summary

Results as of December 31, 2008 (audited figures)

- By the year-end closing, activity had increased 23.4% compared to the preceding year, amounting to S/. 1,887.7 MM (US\$ 600.8 MM).
- EBITDA in 2008 reached S/.372.7 MM (US\$ 118.6 MM), which represents growth of 30.3% compared to the preceding year and is equivalent to 19.7% of the activity.
- Available Earnings at the 2008 closing amounted to S/.147.2 MM (US\$ 46.8 MM), which represents growth of 13.3% compared to the preceding year.
- Debt / EBITDA (1) closed the period at 1.2x (14.2 months) compared to a debt duration of 27 months.
- The consolidated backlog at the 2008 year-end closing amounted to S/. 2,607.2 MM (US\$ 829.7 MM), which represents growth of 20.8% compared to the 2007 year-end closing.
- Gross Capital Investment during the 2008 period was S/. 315.1 MM (US\$ 100.3 MM).

Principales Cifras Consolidadas Acumuladas (En miles de nuevos soles)

	2007 / 4		2008/4		4t'08 / 4t'07
Actividad	1,529,818	100.0%	1,887,723	100.0%	23.4%
Facturación	1,439,974	94.1%	1,827,710	96.8%	26.9%
Utilidad Bruta	299,027	19.5%	399,490	21.2%	33.6%
Utilidad Operativa	220,013	14.4%	294,936	15.6%	34.1%
Utilidad Realizada	194,773	13.0%	277,128	14.7%	39.4%
Utilidad Disponible	129,900	8.6%	147,189	7.8%	13.3%
UAIPIDA (1)	286,608	18.7%	372,696	19.7%	30.0%

(1) Utilidad Operativa + Depreciación + Amortización

Profits and Losses

The consolidated activity of the Graña y Montero Group at year-end closing had grown 23.4% compared to the preceding year, amounting to S/. 1,887.7 MM. Growth in the activity during 2008 is accounted for by growth in the Infrastructure and Construction Business, which grew S/. 292.5 MM (+26.2%), the Engineering Business S/. 45.2 MM (+64.6%), the Petroleum Business S/. 39.6 MM (+22.4%), the Concession and Concession Operation Business S/. 34.9 MM (+77.0%), the Information Technology Business S/. 19.0 MM (+19.8%) and the Larcomar Business which grew S/ 2.7 MM (+10.2%) respectively.

The activity of the Infrastructure and Construction Business reached S/. 1,408.5 MM (US\$ 448.3 MM). The major contracts executed during the year 2008 were the Expansion of the Malvinas Plant, the construction of the Cerro Corona mining project, the modernization of the Pariñas plant, the construction of Sections 2 and 3 of the Southern Interoceanic Highway, the highway maintenance work in Lot IAB, the Paucarcocha Dam, the contract on hauling material for the El Brocal mine and the work on camps, underground work, tank foundations and civil works at the new NGL plant in Chilca. The Golf Milenium, Balta 1070, Parques del Agustino and Golf Los Incas real estate projects are those with the most activity in the Real Estate Division, while the construction of the Héroes Navales Station, the office building on Santo Toribio for Insefinsa, the construction of the Westin Hotel and Novotel in San Isidro are the main projects of the Building Division.

The Petroleum Business activity in 2008 closed at S/. 216.6 MM (US\$ 68.9). The activity of the Exploration – Production line showed the most growth given that it benefited from the higher crude price, as well as increased production due to the drilling of ten new wells in Lots I and V. The activity of this line represented 45.1% of the total activity of the Petroleum Business. The activity of the Gas Plant intensified due to greater demand for gas from EEPsA, as well as higher prices for derivatives obtained as a result of the fractionation process. This plant's activity accounts for 27.9% of the activity of this business. Lastly, the Fuel Storage and Dispatch line showed increased activity due to greater consumption generated by the growth in the country's economy, which resulted in greater demand for energy and hydrocarbons. This line accounted for 27.0% of the activity of this business.

The activity of the Engineering Business amounted to S/113.2 MM (US\$ 36.0 MM). The growth of this business in 2008 occurred due to robustness in the first three quarters in relation with the framework contracts with Río Tinto, Antamina, Minera Yanacocha, Repsol and Pluspetrol. Mention should also be made of the Construction Management at the La Granja Camp for Río Tinto and the Engineering for the Dorado Pipeline in Lot 67 for Perenco. In the Dominican Republic, the Hotel Moon Palace Supervision Project was rolled out and the supervision of the Hotel Club Melia Paradisus project, as well as other projects for the Sol Melia chain, were concluded.

In the Information Technology Business, the activity for 2008 amounted to S/. 115.0 MM (US\$ 36.6 MM). The Technology and Technology Services line accounts for the growth of this business, with the start up of operations at the CONSUCODE computer centers. Its activity represented 42.9% of the total activity of this business. The Technology Outsourcing and Software Factory lines represented 24.6% and 25.1% of the activity respectively, while the Business Process Outsourcing line accounts for the balance of the activity for the period.

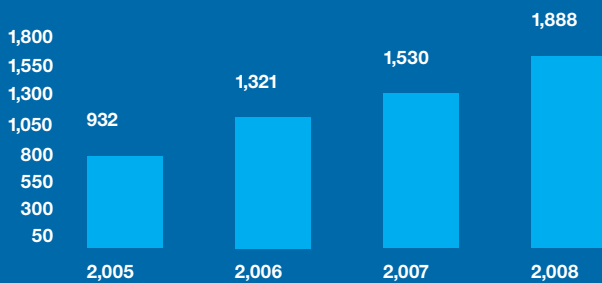
The combined activity of the Highway Concession Business and the Highway Operation and Maintenance Business conducted in 2008 reached S/. 80.2 MM (US\$ 25.5 MM). In concessions, the activity of the concession for Section 1 of the Southern Interoceanic Highway accounts for the growth of the business and represents 24.7% of the total activity, while Highway Operation and Maintenance with its Concession Contract on the Operation of the Paita – Yurimaguas Highway, the Operation and Maintenance of Road Network No. 5 for Norvial and the Tacna Road Maintenance Contract represented 75.3% of the activity.

During the year 2008, greater sales among Larcomar operators resulted in an improvement in the variable annual income from the Shopping and Entertainment Center. The activity reported at the end of the period was S/. 29.3 MM (US\$ 9.3 MM).

There was record activity in the fourth quarter for the second consecutive time, amounting to S/.543.7MM (US\$ 173.1MM). Intercompany services also set a record of S/. 105.9 MM (US\$ 33.7 MM) due to the construction contract on the new gas plant in Pariñas. Lastly, at the closing of the quarter, 62.5% of the activity was the result of contracts related to the mining, petroleum and energy sectors.

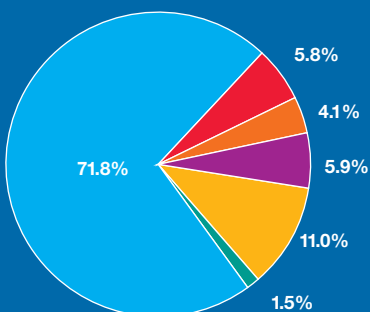
- Gross Profit rose 33.6% (27.4% in US\$) compared to the preceding year, amounting to S/. 399.5 MM (US\$ 127.1 MM), which accounts for 21.1% of the activity. Gross Profit for the year 2008 is composed of Gross Profit from the Infrastructure and Construction Business that amounted to S/. 209.4 MM (US\$ 66.7 MM), Gross Profit from the Petroleum Business totaling S/. 105.4 MM (US\$ 33.6 MM) and Gross Profit

Actividad Anual Consolidada (S/.'000's)

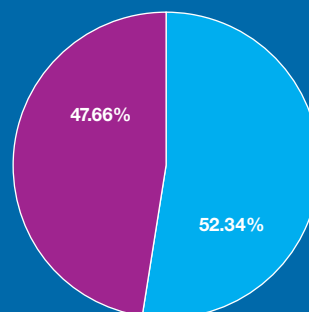


from the Engineering Business, which amounted to S/. 30.7 MM (US\$ 9.8 MM). The other three types of business account for the balance of the Gross Profits (33.6 MM) y por la Utilidad Bruta del Negocio de Ingeniería que alcanzó los S/. 30.7 MM (US\$ 9.8 MM). Los otros tres negocios completan el saldo de la Utilidad Bruta.

Actividad por negocio



Utilidad bruta



Gross Profits from the Infrastructure and Construction Business in 2008 rose 36.3% compared to the previous year. The increase in Gross Profit is mainly due to a larger Gross Margin for the projects and appreciation of the United States dollar that has a favorable impact on the relation between income and costs in this business. At the 2008 closing, the Gross Margin for this business was 14.8%.

Gross Profit from the Petroleum Business rose 30.6% due to the increase in Gross Profit from Lots I and V that benefited from a higher crude price during the first three quarters of the year, which supported the production increase explained above. Additionally, the increase in Gross Profit from the Gas Plant as a consequence of the greater activity and higher price of derivatives accounts for the increase in the Gross Margin of this business, which reached 48.7%. Gross Profit from the Fuel Storage and Dispatch line was similar to that of the preceding year.

The higher Gross Profit from the Engineering Business is closely related to the growth in its activity. Gross Profit from this business rose 59.3% in comparison with the preceding year and the Gross Margin reached 27.1%.

Gross Profit from the Information Technology Business amounted to S/. 19.8 MM (US\$ 6.3 MM), while Gross Profit for the Concession and Concession-Operation Business was S/. 19.0 MM (US\$ 6.6 MM) and Gross Profit from Larcomar amounted to S/. 17.1 MM (US\$ 5.4 MM).

• **Operating Earnings increased 34.1% (27.9% in US\$), totaling S/. 294.9 MM (US\$ 93.9 MM), which results in an Operating Margin of 15.6%.** The increase in Gross Profit supports this improvement in Operating Earnings. General expenses increased due to the higher level of activity, amounting to 5.5% of the same.

• **Net financial expenses totaled S/. 32.3 MM (US\$ 10.3MM), which accounts for an increase of 42.1% (34.0% in US\$) compared to 2007.** The increase in Capital Investments and Working Capital needs as a result of greater activity explain the increase in Financial Debt. EBITDA also increased due to higher Operating Earnings and greater depreciation of Capital Investments, which has made it possible to absorb the higher financial expenses with no impact on their coverage that amounted to 11.6x, which is similar to the coverage at the 2007 year-end closing.

• **The cumulative effect of devaluation as of December 2008 was S/.44.1 MM.** The devaluation is explained by a greater exposure to the United States dollar in the amount of S/. 24.8 MM as a result of an increase in Financial Debt and the expiration of forward contracts in the amount of S/ 19.3 MM. The impact of the forward contracts was mainly on the fourth quarter due to the increase in the exchange rate caused by the international financial crisis. However, as explained before, this increase also had a favorable impact on the group's Gross Profit. The effects offset each other in terms of the period's outcomes.

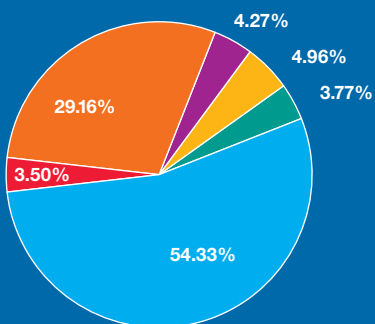
• **Available Earnings grew 13.3% (8.1% in US\$), amounting to S/. 147.2 MM (US\$ 46.9 MM).** The devaluation mentioned in the preceding paragraph is the factor that accounts for the fact that Available Earnings grew less than Operating Earnings. In 2007, this effect was positive, while in this period it is negative, increasing its impact on Final Net Income.

• **Cumulative EBITDA1 in 2008 increased 30.0% (24.1% in US\$), totaling S/. 372.7 MM (US\$ 118.6 MM).** The higher Operating Earnings combined with increased depreciation on the Group's Capital Investments account for the increase in EBITDA, the consolidated total of which represents 19.7% of the group's activity.

Long-term stable cash flows, such as those from highway concessions, petroleum services and the outsourcing business account for 43.2% of EBITDA1, resulting in coverage of 1.52x of the group's total Financial Expenses plus General Expenses that are not related to these types of business. Additionally, it is assumed that the latter would not be cut back in the event of a total loss of its activity.

UAIPIDA por negocio

Infraestructura y construcción	Tecnología de Informac.
Operac. de Conseciones	Ingeniería
Servicios Petroleros	Larcomar



Balance Sheet

- **Compañía Logística de Hidrocarburos Boliviana (CLHB):** As explained in previous reports, the state-owned company, Yacimientos Petroleros Fiscales Bolivianos, has taken control of CLHB's operations without a transfer of its shares or payment of compensation for its nationalization. The negotiations to finalize this process continue, due to which there has been no need to record any expense in addition to that recorded in 2006.

- **Current liquidity at the end of the period was 1.25x.** The pressure from Working Capital had an impact on this indicator. Although the figure was at a healthy level at the 2008 year-end closing, it has dropped 0.14x. The cash reserve to cover strategic investments under evaluation amounted to S/. 21.0 MM (US\$ 6.7 MM) in December 2008.

- **Financial Leverage was 0.74x while Total Leverage was 1.52x.** Combined Capital Investments with a greater need for working

capital have put pressure on Liabilities to Banks and Long-Term Debt. Taking into account that S/. 315.1 MM (US\$ 100.3 MM) was invested during 2008, it should be mentioned that the Financial Debt related to these investments increased only US\$ 29.0 MM. The balance of the increase in Financial Debt is US\$ 21.0 MM, which is due to the working capital required by the revenue recognition method associated with the obtainment of CRPAO progress certificates at the beginning of the work on Section 1 of the Southern Interoceanic Highway and the Coast – Highlands Project: Buenos Aires Canchaque. As a consequence of the foregoing, the Financial Debt / Equity ratio increased 0.17x and the Total Leveraging ratio increased 0.13x compared to the 2007 year-end closing.

- **Financial Debt / EBITDA (1) amounted to 1.2x at the 2008 closing.** The increase in Financial Debt during the period surpassed the growth of EBITDA, with an indicator 0.24x higher at year-end. However, considering that the average debt expiration closed at 27 months, there is still a gap between this indicator and the debt payment period that allows adequate cash generation levels for the group.

- **Average Return on Equity at year-end closing for 2008 was 25.2%, while the Return on Assets was 10.0%.** Earnings for the period have enabled us to maintain profitability levels of the group, absorbing the capitalization of 80% of the earnings for the year 2007. The absence of earnings on investments that have not yet entered into production had a slight effect on the Return on Total Assets.

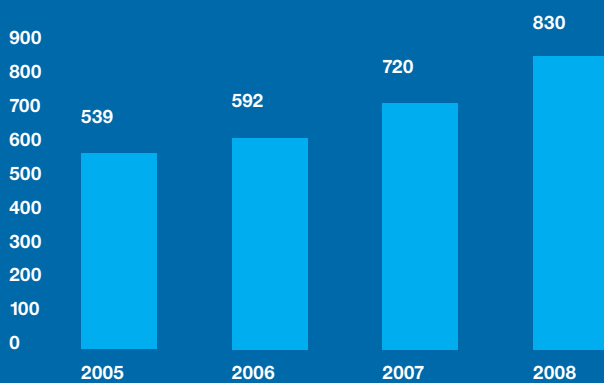
Backlog and Perspectives

- **The group's backlog rose 20.8% at the 2008 closing, amounting to S/. 2,607.2 (US\$ 829.8 MM), which represents 1.38x the activity for the last 12 months.** Of this total, S/. 1,555.6 MM (US\$ 495.1 MM) shall be executed in 2009, S/. 702.9 MM (US\$ 223.8 MM) in 2010 and the balance from 2011 onward.

It should be noted that the backlog to be executed in 2009 is 28.8% higher than the backlog reported at the 2007 year-end closing. Due to this Backlog, as well as the expected return on Capital Investments, despite the international financial crisis, the group projects growth, although at a more moderate level than that reported for prior years.

• The group's Capital Investments during the year 2008 totaled S/ 315.1 MM (US\$ 100.3 MM), increasing substantially. Of the total investments, S/.126.6 MM (US\$ 40.3 MM) correspond to investments in the hydrocarbons sector, S/. 59.1 MM (US\$ 18.8 MM) to land acquisitions for the development of the real estate business and S/. 39.0 MM (US\$ 12.4 MM) correspond to Infrastructure Concessions. The balance invested mainly corresponds to investments in machinery and equipment in the construction business and in the expansion and modernization of the group's corporate offices. These investments are consistent with the three sectors on which the group focuses its strategic development.

Backlog Consolidado US\$ MM



Subsidiaries of Graña y Montero S.A.A.

The Graña y Montero Group operates in diverse economic sectors, primarily through the following subsidiaries:



GyM

GyM, the original construction company, which has four divisions: Civil Works, Electromechanics, Buildings and Real Estate



GMI

GMI, the company dedicated to design engineering, construction project supervision and project management that is also the majority shareholder of ECOTEC, a company specializing in environmental engineering



GMD

GMD, the leading company providing information technology solutions for the corporate market



Concar

Concession Operations, for several years, Graña y Montero has participated in the concession business. Currently, it holds the concessions for the operation of Road Network No. 5 (Norvial S.A.), the Northern IIRSA Highway, Survial and the Tacna Road Concession.



GMP

GMP, the petroleum services company dedicated to the extraction of petroleum and the drilling of wells in the northern part of the country. It is the operating partner of Consorcio Terminales, a consortium with Oiltanking of Germany for the operation of 9 fuel storage terminals in Peru and and 10 terminals plus 1,600 Km of pipelines in Bolivia (CLHB).



Larcomar

Larcomar, which is located on the cliffs at the bottom of the Salazar park in the district of Miraflores, has a total area of 44,675 m². Its main business is real estate, through leases on commercial properties in the entertainment area and the recently opened area called Fashion Center. In addition, it generates income from business ventures such as the parking lot and advertising in the center.