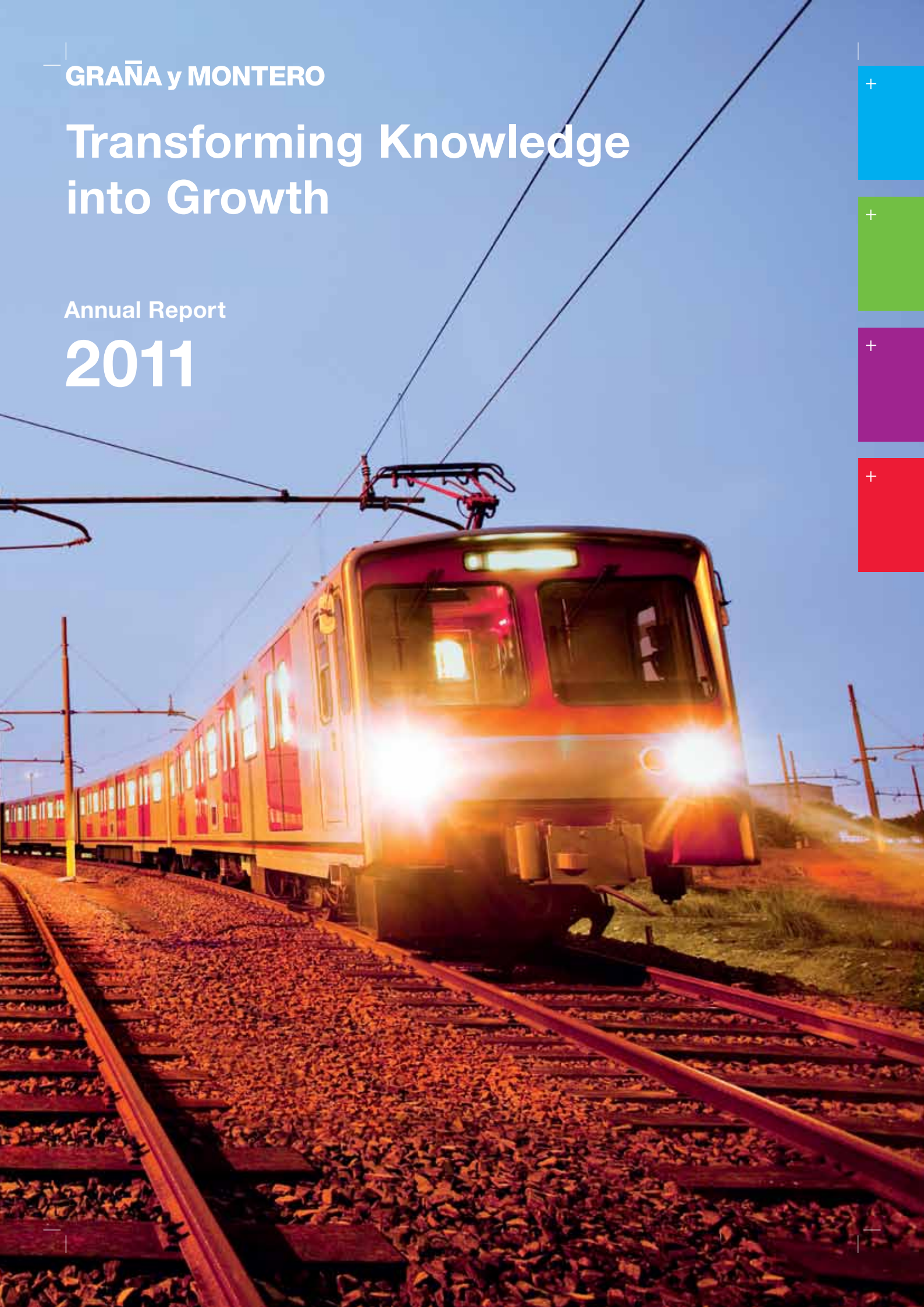


GRAÑA y MONTERO

Transforming Knowledge into Growth

Annual Report

2011



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Responsibility Statement

"This document contains true and sufficient information on the operations of Graña y Montero S.A.A. during the year 2011. Notwithstanding the issuer's responsibility, the undersigned assume responsibility for its content in compliance with applicable legal provisions".



Mario Alvarado Pflucker
Chief Executive Officer



Gonzalo Rosado Solís
Corporate Controller

Lima, January 27, 2012

Índice

Key Figures **6**

Letter from the Chairman **9**

Creciendo Estratégicamente

Diversification **14**

Internacional Development **16**

Creciendo en Sofisticación

Engineering and Construction **20**

Infrastructure **24**

Services **26**

Real Estate **30**

Creciendo en Calidad

Social Responsibility **34**

Corporate Governance **50**

Board of Directors **51**

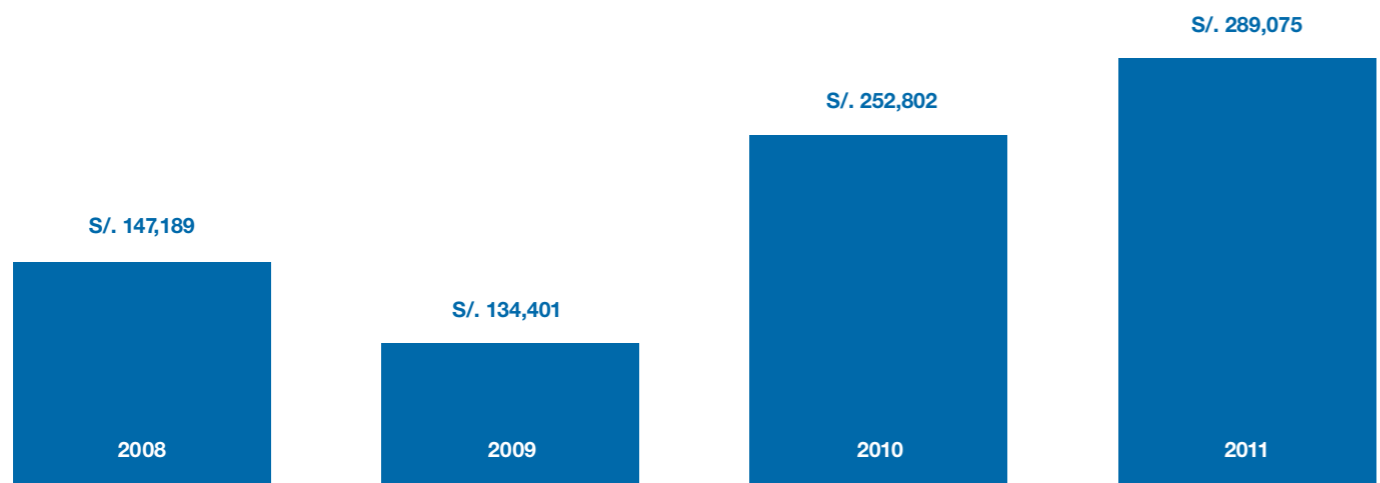
Historical Summary **64**

Key Figures

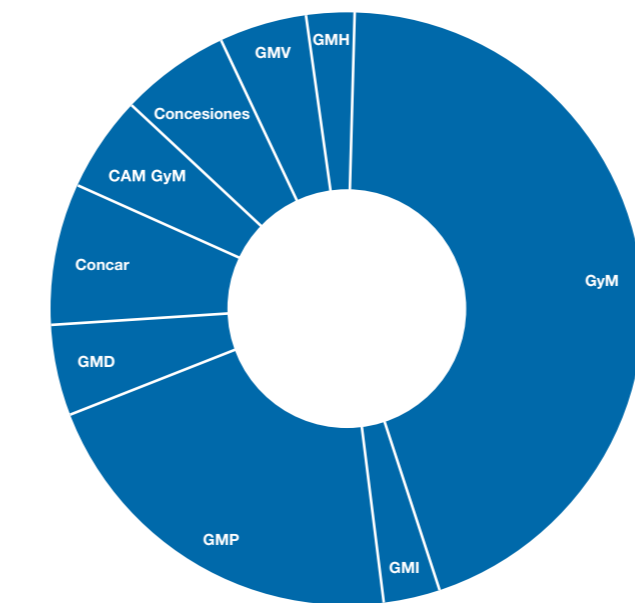
Constant values as of December 2011 / in Thousands of S/.

Constant values as of December 2011	2008		2009		2010		2011		Growth 2010 - 2011	
	S/.	S/.	S/.	US\$	S/.	US\$	S/.	US\$	S/.	US\$
Activity	1,887,723	2,183,233	2,660,398	947,098	4,242,801	1,573,156	59.48%	66.10%		
Billing	1,827,710	2,001,475	2,502,675	890,949	4,241,266	1,572,587	69.47%	76.51%		
Gross Profit	399,490	329,551	444,830	158,359	631,749	234,241	42.02%	47.92%		
Profit Before Taxes	232,985	227,549	401,028	142,765	477,645	177,102	19.11%	24.05%		
Net profit	147,189	134,401	252,802	89,997	289,075	107,184	14.35%	19.10%		
EBITDA	372,696	339,397	536,409	190,961	663,950	246,181	23.78%	28.92%		
Professionals	1,947	2,143	2,816		4,810		70.81%	70.81%		

Net Income / in Thousands of S/.

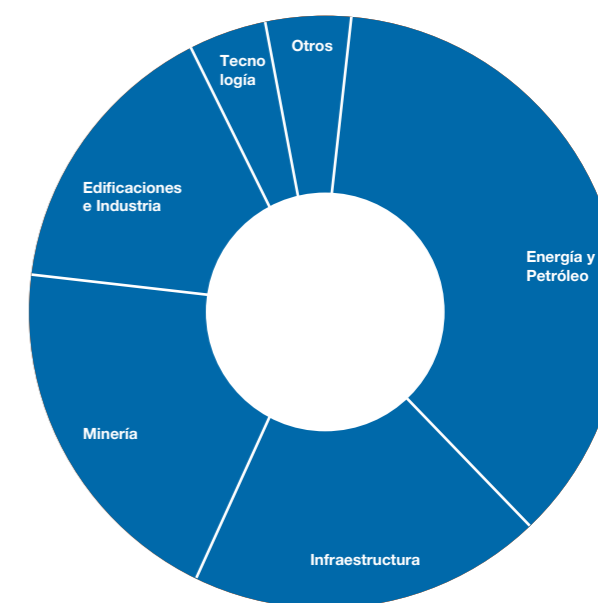


EBITDA by Company 2011 / in Thousands of S/.



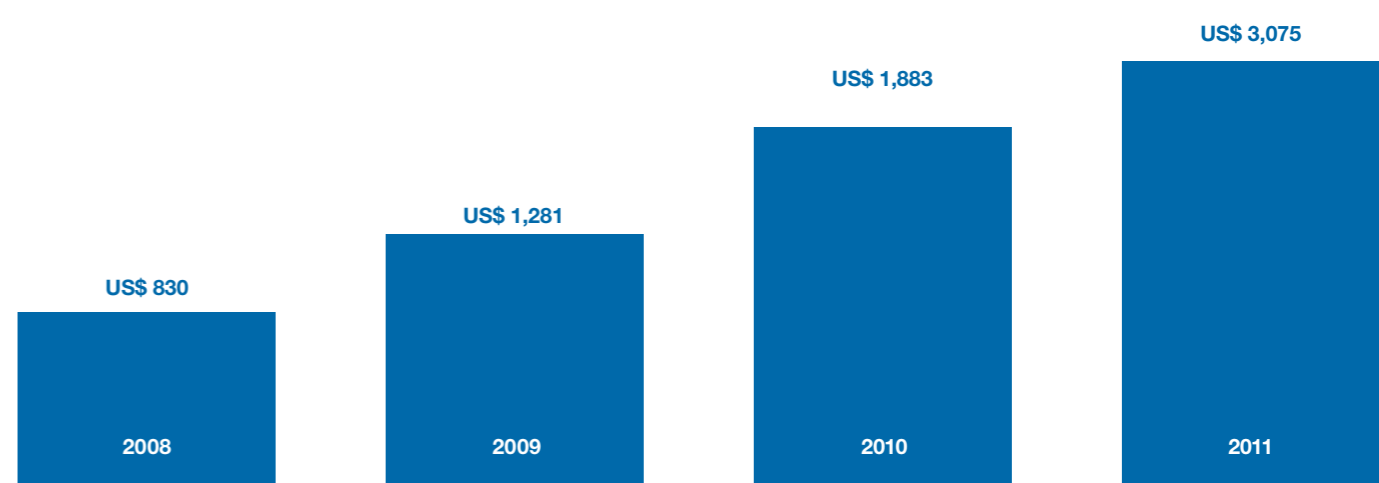
GyM	290,571	43,76%
GMI	19,296	2,91%
GMP	138,756	20,90%
GMD	31,567	4,75%
Concar	53,570	8,07%
CAM SPA	36,431	5,49%
Concessions	38,518	5,80%
GMV	37,513	5,65%
GMH	-4,763	-0,72%
TOTAL	663,950	100%

Activity by Sector 2011/ in Thousands of S/.



Energy and Petroleum	1,654,692	39,00%
Infrastructure	797,647	18,80%
Mining	827,346	19,50%
Building and Industry	691,577	16,30%
Technology	110,313	2,60%
Other	161,226	3,80%
TOTAL	4,242,801	100,00%

Backlog / in Millions of US\$ Dollars





.....
— JOSÉ GRAÑA MIRÓ QUESADA Y MARIO ALVARADO PFLUCKER

Letter from the Chairman

Letter to the Shareholders

Dear Shareholders:

It is our pleasure to present the Annual Report for the year 2011, which once more reflects the best results in our 78 year long history.

We have achieved revenues of 1,570 million dollars in 2011, which represents a 77% growth compared to the previous year. Of this increase, 36% is the result of the incorporation of two companies at the beginning of the year and 41% is due to organic growth of the Group.

At the same time, very good economic and financial indicators were achieved, generating EBITDA of 245 million dollars and, for the first time, net profits of over 100 million dollars.

These results were attained in an electoral year in Peru during which President Ollanta Humala was elected. Marking a significant change of political direction, he has guaranteed the continuance of the macroeconomic policies that have enabled Peru to become one of the countries with the greatest growth in the last 10 years.

This situation, in addition to the Group's prestige and leadership, are reflected in obtaining new contracts for 2,766 million dollars that enabled us to end the year with a record backlog of 3,075 million dollars; that is, 63% more higher than in the previous year.

However, the most significant achievement of the year was surely the fact that the investment program totaled 183 million dollars and included the 5 new companies in the Group. The incorporation of two new acquisitions, GSD specializing in the digitization of documents and CAM specializing in services for the electricity sector, in addition to the incorporation of three new companies, Stracon GyM for mining services, La Chira S.A. for the La Chira Waste Water Treatment Plant concession, and Ferrovías GyM for railway operations that will begin with the new operating contract for the Lima Metro.

Additionally, the incorporation of CAM will be a fundamental contribution to the consolidation of our regional development strategy because, apart from the human and technical capacities it contributes, it operates in Chile, Colombia and Brazil, in addition to Peru. This, together with the projects in the Dominican Republic, Chile and Panama, has led to foreign sales of over 270 million dollars for 2011.

A high level of growth and increased international operations have made us one of the leading engineering service companies in Latin America, bringing us closer to achieving our goal of being the most reliable engineering services company in Latin America.

During the year, these events and large-scale perspectives have led us to define an organization of the Group in four major business areas:

Engineering and Construction; the traditional business area, which is working on 4 hydroelectric projects and major mining projects such as Las Bambas and Antapaccay in Peru and Pueblo Viejo in the Dominican Republic, among others.

Infrastructure; which operates highway concessions and has recently assumed responsibility for the operation of Line One of the Lima Metro and the La Chira Waste Water Treatment Plant.

Services; the area which includes GMP's petroleum services, GMD's information technology services, Concar's highway maintenance and operation of public services and, now, Cam-GyM's services provided to the electricity sector.

Real Estate; which develops projects such as Viva GyM with over 20,000 housing units and other commercial projects, including the one to be executed on the recently acquired land at the former site of the San Martín military base.

We have been able to meet every challenge with regard to growth as well as sophistication, based on the foundations of having invested on talent management over the years. Concurrently with the execution of these projects, our "Learn to Grow" strategy has enabled us to generate very valuable knowledge, which we have been able to systematize and disseminate through the Corporate Learning Center and the Portals of Knowledge.

The last 5 years have also been a period of growth and achievement for our employees, as individuals and as professionals. Today we are a group of 3,082 highly qualified engineers within a family of 25,263 Graña y Montero employees who, acting according to the same set of values and culture, deserve the credit for our well-deserved prestige.

During these years, the Group has continued with its process to improve the working climate. In 2011, 72% of the more than 9,500 employees confirmed that it is a great place to work. GMI and Viva GyM stood out, as they have been included among the 45 best places to work in the country according to the Great Place to Work Institute.

Given the importance of our social responsibility programs within our "Growing and Sharing" strategy, this year we have decided to issue our first Sustainability Report according to the Global Report Initiative (GRI) methodology, maintaining our philosophy that social responsibility programs are more efficient and long-lasting when they are aligned with the operations and enhanced by the use of the synergies of their own resources.

Based on the record backlog we now have, as well as our financial soundness for undertaking projects and, most importantly, our clear competitive advantages due to the talent we have in our group, we expect the growth we have attained to continue in the coming years.

Lastly, we would especially like to thank our clients and employees who have enabled us to achieve this level of success.

José Graña Miró Quesada
Chairman

Mario Alvarado Pflucker
Chief Executive Officer

Creciendo
Estratégicamente



GyM

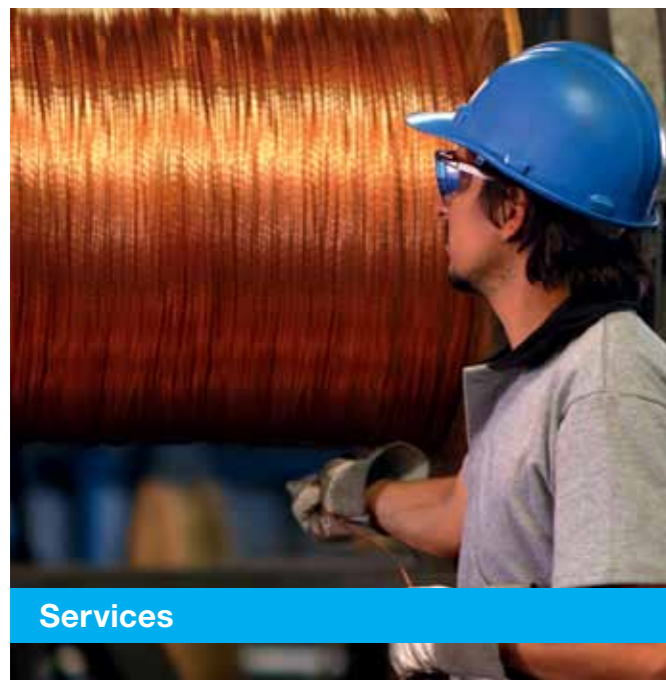
Diversification



Engineering and Construction



Infrastructure



Services



Real Estate

This year, two new companies acquired the previous year have joined the group: GSD, which specializes in the digitization of documents, and CAM, which specializes in services for the electricity sector. Also during the year, our minority interest in the IIRSA North and IIRSA South concessions was sold.

Additionally, 3 new companies have been incorporated: Stracon GyM, specializing in mining contracts for earth moving; Ferrovías GyM for the operation of the Lima Metro; and Consorcio La Chira for the La Chira Waste Water Treatment Plant concession.

These decisions are aligned with our diversification strategy, always in our specialty of engineering services, and now we are developing more steadily in other Latin American countries.

Today, what was a construction company has become a group of 23 companies grouped in 4 operating areas:

Engineering and Construction

GyM / The original construction company that has three divisions: Electromechanics, Civil Works and Buildings.

Stracon GyM / The GyM subsidiary specializing in mining services.

GMI / The engineering consulting firm that has two divisions: Supervision & Engineering and Geomatics.

Ecotec / Subsidiary of GMI specializing in environmental engineering.

Infrastructure

Norvial / The company that has the concession for Road Network 5, which is the road north of Lima from Ancón to Pativilca.

Survial / The company that has the concession for Phase 1 of the Interoceanic Highway that connects Nazca and Cuzco.

Canchaque / The company that has the concession for the highway from the Buenos Aires detour to Canchaque.

Consorcio La Chira / The consortium with the Spanish company, Acciona Agua, that has the concession for the La Chira Waste Water Treatment Plant.

Ferrovías GyM / The company that has the concession for Line One of the Lima Metro.

Services

GMP / The petroleum services company that has two divisions: Drilling, Petroleum Production and Gas Fractionation.

Consorcio Terminales / The GMP and Oiltanking of Germany consortium that operates fuel terminals.

GMD / The information technology services company that has two divisions: Technology Solutions and Business Solutions.

GSD / Subsidiary of GMD specializing in the digitization of documents.

Concar / The company specializing in the maintenance and operation of infrastructure concessions.

Cam GyM / The company specializing in engineering services for the electricity sector that comprises 4 companies: Cam Chile, Cam Colombia, Cam Perú and Cam Brasil.

Real Estate

Viva GyM / The real estate development company formerly known as GMV.

Almonte / Subsidiary of Viva GyM and the owner of a 1000 Ha lot south of Lima.

Consorcio GMV-Urbi / Consortium formed to develop a real estate project on the land at the former site of the San Martín military base.

GMV-B / The company formed to execute the Parque Central Club Residencial real estate project.

International Development

Early in the year 2011, a fundamental step was taken in our internationalization process with the incorporation of CAM, a company headquartered in Chile, with operations in Colombia, Peru and Brazil. This will enable us to expand and contribute to the permanence of our development abroad.

With these operations, the group will be operating in 6 Latin American countries in addition to Peru, through its subsidiaries.

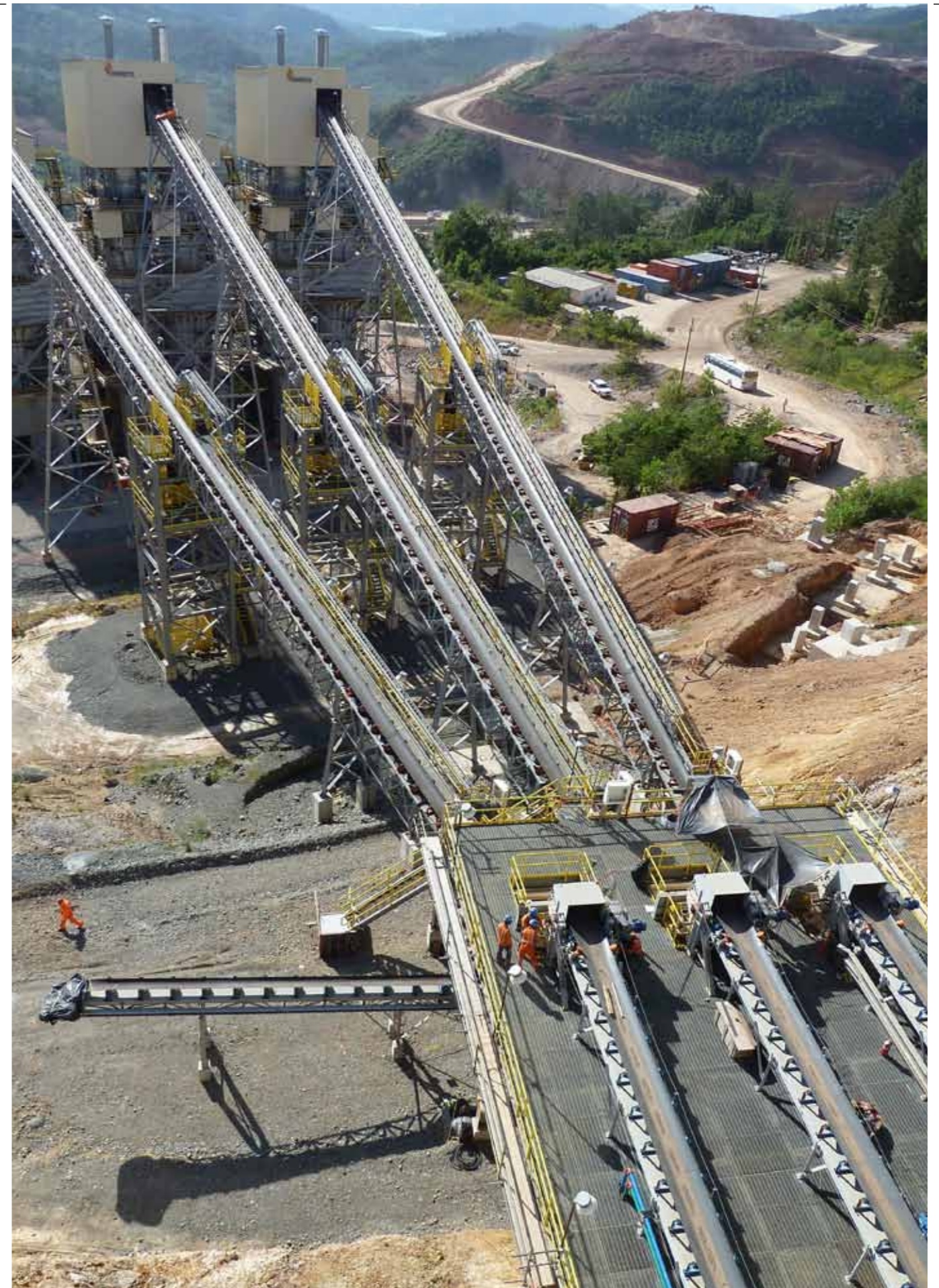
GyM / During the year, GyM was the main contractor on the Pueblo Viejo mining project in the Dominican Republic, where more than 500 Peruvian technicians and engineers were working. Recently, in a joint venture with the Canadian company SNC Lavalin, the management of the Pataquillas mining project in Panama was awarded and it is building the Maitencillo – Caserones electrical power transmission line for Transelec, Chile's main electric power transmission company.

GMI / Completed the supervision of the construction of the new Meliá hotel in Playa del Carmen in Mexico.

GMD / Provides SAP technological support services for the EBEL group's international operations and help desk services for Barrick, Unique and CAM at the regional level.

Cam GyM / which specializes in services for the electricity sector, reports revenues of 207 million dollars annually in Chile, Peru, Colombia and Brazil.

Stracon GyM / which specializes in mining services, provides mineral extraction and transportation services for the Punta de Lobos salt mine in Chile.



PROYECTO MINERO PUEBLO VIEJO, REPÚBLICA DOMINICANA.



+
Creciendo
en Sofisticación



Engineering and Construction

The traditional Engineering and Construction business area had spectacular growth of over 58% and was reinforced with the incorporation of Stracon GyM, a company specializing in mining contracts for earth moving.

Stracon GyM / was formed by the Mining Services Division and the Australian company, Stracon. It began its operations in January 2012. It was incorporated as a contribution of specialized mining equipment valued at 150 million dollars and a backlog of signed contracts totaling 300 million dollars, including a contract on operations in northern Chile with Minera Punta de Lobos.

GyM / had growth of more than 59% in 2011, setting a new record of 989 million dollars in sales, with after tax income of 58 million dollars.

More importantly, as of December 2011, the company had a 1,812 million dollar backlog, which guarantees the company's growth in the coming years.

In the mining sector, the work for Barrick at the Pueblo Viejo mine in the Dominican Republic was completed and the business relationship with Bechtel continues for the Antapaccay project, as well as the construction of the Nueva Fuerabamba city for Xstrata Copper's Las Bambas project.

In the energy sector, we are continuing with the construction of the Huanza Hydroelectric Power Plant (91 MW) and the expansion of the Machu Picchu Hydroelectric Power Plant (98 MW), and this last December we began work on the Santa Teresa (90 MW) and Cerro del Águila (512 MW) hydroelectric plants for Luz del Sur and Kallpa respectively. In the oil and gas sector, in the month of April 2012 we will begin the construction of a 300 km gas pipeline from Pisco to Ica for Contugas.

In line with the group's international growth objectives, in 2011 work on 2 important contracts began in Chile. These contracts are for a 220 Km electric power transmission line for Transelec and mining services for 4 years for the Punta de Lobos mine in Iquique.

Important projects in the building construction area include the completion of Lima's tallest building, Hotel Westin Libertador, as well as the Gran Teatro Nacional (national theater) and the Parques del Agustino shopping center in the housing development where we had built over 3,000 housing units in prior years.

All of these achievements are underpinned by our values of reliability, quality and efficiency that have earned our company considerable prestige in the country over the years.

Our intense work with the communities surrounding our projects is also worth noting, as it creates mutual trust that allows us to undertake significant challenges and face the future with greater confidence and optimism.

Such significant growth would not have been possible without the GyM team, which is composed of more than 2,500 employees, of whom 1,383 are engineers. In addition, thousands of technicians, laborers and subcontractors support us in the significant challenges we undertake in different parts of the country and abroad.



WESTIN LIMA HOTEL & CONVENTION CENTER

GMI / had a good year as well, with growth of 34% compared to the year 2010, 45 million dollars in revenue and EBITDA of 7 million dollars.

This year, GMI entered into a framework mining contract with Sociedad Minera Cerro Verde and renewed its framework contracts with Cía. Minera Antamina and Minera Yanacocha SRL. In the latter months of the year, an engineering contract was signed for Tailings Management and Fresh Water Design for the new Cerro Verde Concentration Plant.

In the oil and gas sector, we are continuing with the framework contracts we have with Coga, the La Pampilla Refinery and Pluspetrol. We have signed a contract with Consorcio Terminales, a consortium composed of Oil Tanking and GMP, to manage the construction of storage terminals in Cusco and Mollendo.

This year, the Water Division was created. It is working on the Engineering of the Expansion and Improvement of the Potable Water and Sewer System Project in the Pachacutec neighborhood in Lima's Ventanilla district.

In our international operations, the supervision of the Hotel Paradisus Playa del Carmen in Mexico for the Sol Meliá hotel chain was completed successfully.

In the year 2011, OSHAS 18000 certification was obtained, completing the Integrated Management System (Triple-standard System, ISO 9001, ISO 14001, ISO 18000); the first Book of Knowledge was presented and the second volume will be presented soon; and a Great Place to Work award was received for placing among the 45 best places to work in Peru.

At GMI, we are aware of our employees' role and the use of technology in the execution of our services. For this reason, 23,262 hours of training were provided this year. In addition, 8,400 hours of research and application of the use of technologies have enabled us to work in 3D, incorporating content management in our engineering designs to ensure a better product.

The year 2011 was also a year in which GMI continued consolidating knowledge management and developing a culture of innovation, continuous improvement and generation of value for our clients among our employees and more than 350 engineers.



CENTRAL HIDROELÉCTRICA DE MACHU PICCHU

Infrastructure

The Infrastructure area, which comprises 3 highway concessionaire companies, became involved in railways and water treatment during the year, as concessions were obtained for the Lima Metro and the La Chira Treatment Plant.

In February of 2011, the La Chira concessionaire formed with the Spanish company, Acciona Agua, signed a 30-year contract on the Design, Financing, Construction and Operation of the La Chira Waste Water Treatment Plant located south of Lima. Currently, work is being done on the design and financing; construction work is expected to begin in the latter part of 2012.

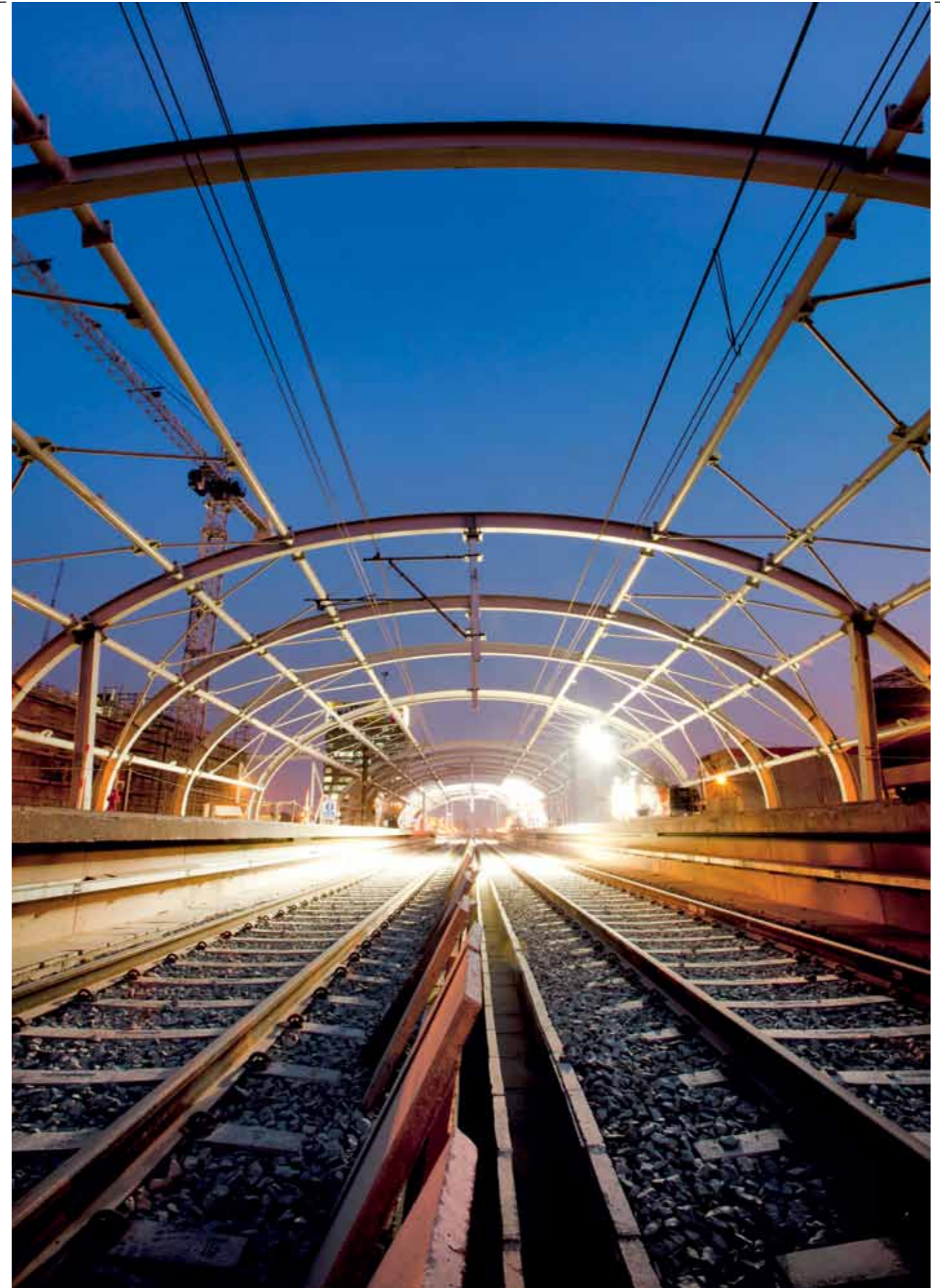
In April 2011, Ferrovías GyM, a company formed with Ferrovías de Argentina, signed a contract on the Operation of Line One of the Lima Metro. In order to prepare to assume management and operation responsibilities, a team of 400 people was structured and consolidated, enabling the company to begin operations in the month of December. In addition, the acquisition of new trains has been coordinated with the French company, Alstom. The trains should begin arriving toward the end of 2012.

The highway concession companies continue consolidating the operation of over 1,000 km of highways. Norvial is in charge of the road from Ancón to Pativilca, Survial has the concession from Marcona to Cusco and the concession from the Buenos Aires detour to Canchaque.

The total volume of activity for the Infrastructure area was 43 million dollars, generating EBITDA of 14 million dollars and closing with a backlog of approximately 292 million dollars for the next 3 years.

In addition, the selection, analysis and evaluation of more than 20 new projects continued, concentrating on the transportation, electricity generation, health, water and sewage sectors. For Lima City Hall, an initiative was presented for the continuation of the Paseo de la República Expressway and formal negotiations began on the Javier Prado - La Marina - Faucett Expressway contract, a project which has been pending for several years.

With the operation of the Lima Metro, the La Chira Plant and the new projects being negotiated, the Infrastructure area will fulfill its objective of producing the stable long-term flows proposed by the Group.



CONSTRUCCIÓN DEL TREN ELÉCTRICO DE LIMA

Services

The Services area, which included GMD, GMP and Concar, was enhanced this year with the acquisition of Cam and GSD.

CAM / is a company we acquired from the Spanish Endesa group that specializes in providing engineering services to companies in the electricity sector. This company fits well with the group's strategy of growth in engineering services, as it contributes 400 specialized engineers and reports revenues of 207 million dollars annually. In addition, it will be a fundamental element of our regional development plan, as it has operations in Chile, Colombia, Brazil and Peru.

GMP / surpassed the US\$ 100 million mark in revenues for the first time, and EBITDA and net income are the highest in the company's 27-year history, making 2011 a record year for GMP. These results are due to improvement in the efficiency of our Pariñas Gas Plant, record petroleum production and the high price of crude during the year.

During 2011, GMP had important technical achievements. Two exploratory wells were drilled in Block I in search of the Paleozoic formation at a depth of over 9,000 feet. Triple certification was expanded in Consorcio Terminales from 1 to 9 terminals and the technical standard of quality was certified by Indecopi for the commercialization of saturated acyclic hydrocarbon produced by the liquid separation and fractionation plant.

In line with the knowledge management promoted by the group, GMP has invested in 27,444 hours of training for its personnel, which is an average of 68 hours per person, and has obtained a 76% level of satisfaction among its employees in the annual Great Place to Work survey.

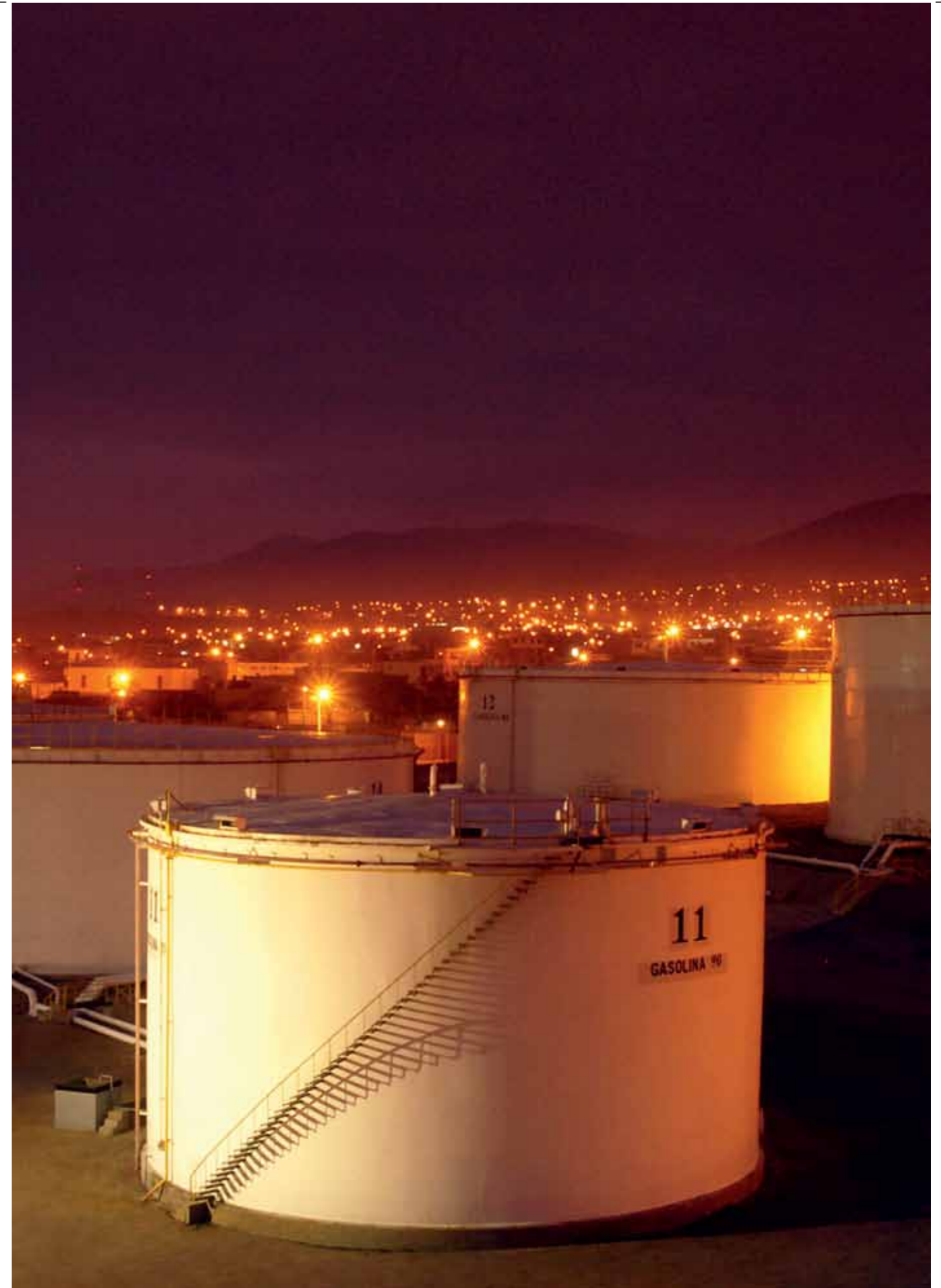
GMD / managed to consolidate its leadership position in the provision of outsourcing solutions for the corporate market in the year 2011 by increasing its activity in all of its outsourcing business areas: infrastructure (ITO), business processes (BPO), service desk and application (AO).

The company's total activity for the year amounted to 69 million dollars, which represents growth of 36% compared to the year 2010. Net income for the year amounted to 3.4 million dollars and EBITDA totaled 12 million dollars, representing growth of approximately 50% and 40% respectively, compared to the previous year.

The strategy of having businesses with stable flows has enabled GMD to consolidate its position and lay the foundations for solid and certain growth. The outsourcing revenues from business processes, IT infrastructure, help desk services and applications totaled 49 million dollars, which is 73% of the total activity and growth of 58%.

The solid results achieved in the year 2011 have made it possible to invest 5 million dollars in assets for new business process and IT infrastructure outsourcing projects obtained during the year. As a result of these investments, the backlog increased 30% compared to the year 2010, totaling 88 million dollars.

Undoubtedly, the main reasons that allowed GMD to obtain good results are teamwork among its employees and the systemization of its processes, which made it possible to fulfill its commitments, improve client satisfaction and, therefore, increase the company's activity and profitability.



TERMINAL DE PETRÓLEO EN MOLLENDO

The company's human resource management is geared toward improving the working climate and developing managerial skills in middle management, as well as building trust and cooperation between support areas and projects, with regard to both commercial and execution processes. Part of this plan consisted of launching the Middle Management Training Program and creating communities to exchange experiences and information, fostering the cultural change necessary to support the knowledge management strategy in this manner.

Early in the year, GSD, a company we acquired from Telefónica, was incorporated in the group. It will be an important reinforcement for the Business Processes area.

GSD / is a digital services company specializing in the digitization and processing of documents for the financial and consumer product sectors.

This company has been incorporated as a subsidiary of GMD. In its first year of operations, its activity has increased 60% and it now has 160 employees.

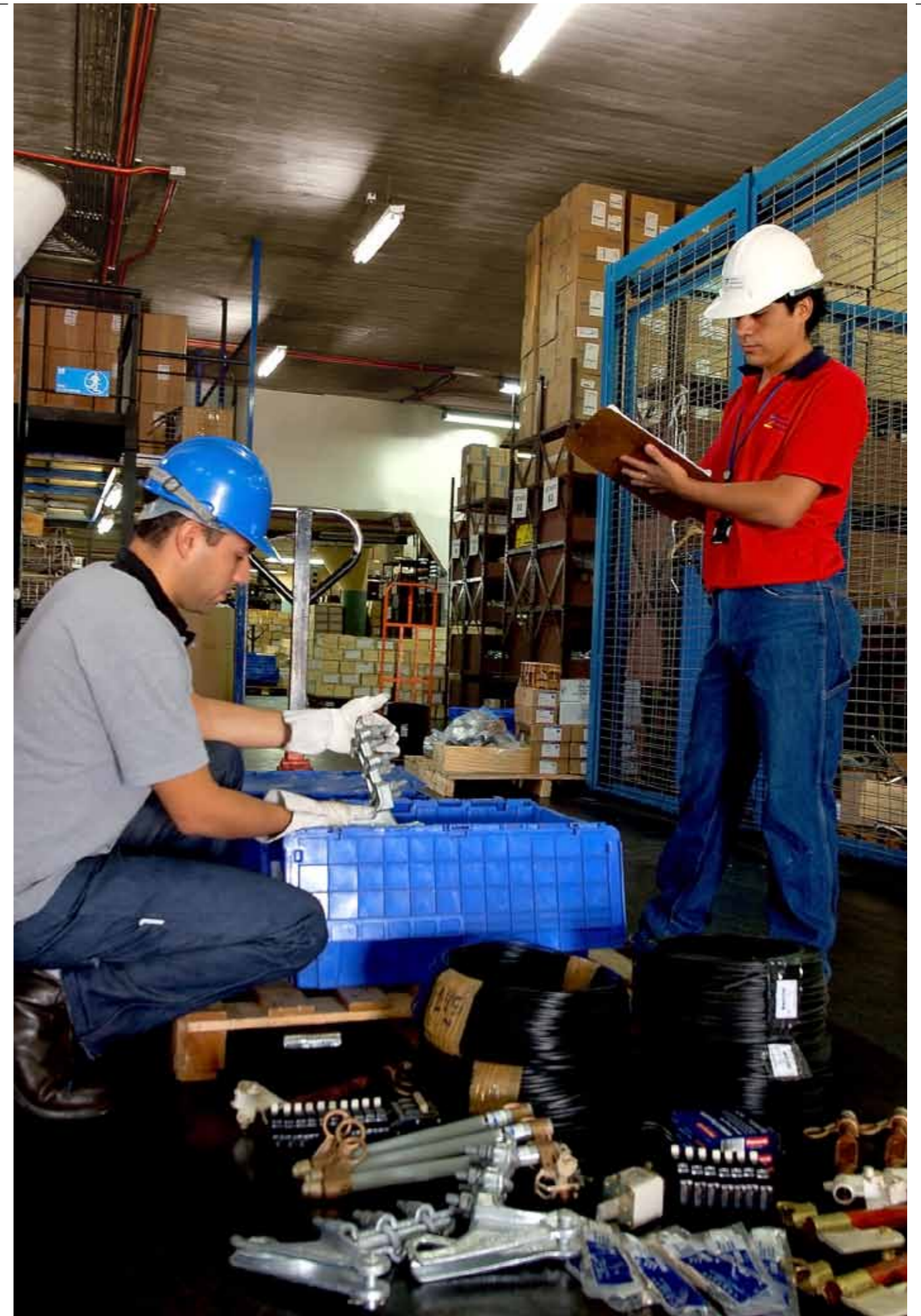
CONCAR / had revenues of over 86 million dollars. This growth was due to the execution of contracts obtained during the previous year.

Early in the year, Graña y Montero, together with Ferrovías, was awarded the concession for Line One of the Lima Metro. Since the month of August, responsibility for the operation and maintenance of the line has been assumed by CONCAR.

Another important event during the year was Graña y Montero's sale of its interest in the North and South IIRSA highways. Therefore, Concar no longer executes the operation and maintenance of the North IIRSA Highway.

Toward the end of the year 2011, Concar decided to begin a phase of specialization in the manufacture of raw materials required for the contracts, installing an asphalt emulsion plant, which is easy to transport from one location to another, to supply the projects.

During the year 2011, Concar was in charge of the maintenance of 10 highways, the total length of which is 3,400 km, giving the company clear leadership and reasons to be optimistic about the coming years.



Real Estate

Viva GyM / is the new name of GMV, the company comprising all of the group's real estate companies, which has specialized in the development of social housing projects in recent years.

Currently, it is developing projects that will entail the construction of 21,000 apartments over the next 5 years. Recently, it has acquired a controlling interest in Inmobiliaria Almonte S.A., the owner of an undeveloped 1,000 Ha piece of land south of Lima, where 30,000 more housing units could be built.

During the year, the following housing projects were under construction:

- Los Parques de Carabaylo**
- Los Parques de Villa El Salvador**
- Los Parques de Garezon**
- Parque Central, Club Residencial**
- Neo 10**
- Cipreses**

During the year, the company had activity totaling 55 million dollars, generating net income of 9 million dollars for the area, which has permitted investments in new lots amounting to 27 million dollars, including the purchase of a 129,000 m² piece of land in Piura, a 75,000 m² lot in Villa El Salvador, a 23,000 m² lot in San Martín de Porres and another one on Pezet Avenue, across from the San Isidro Golf Club.

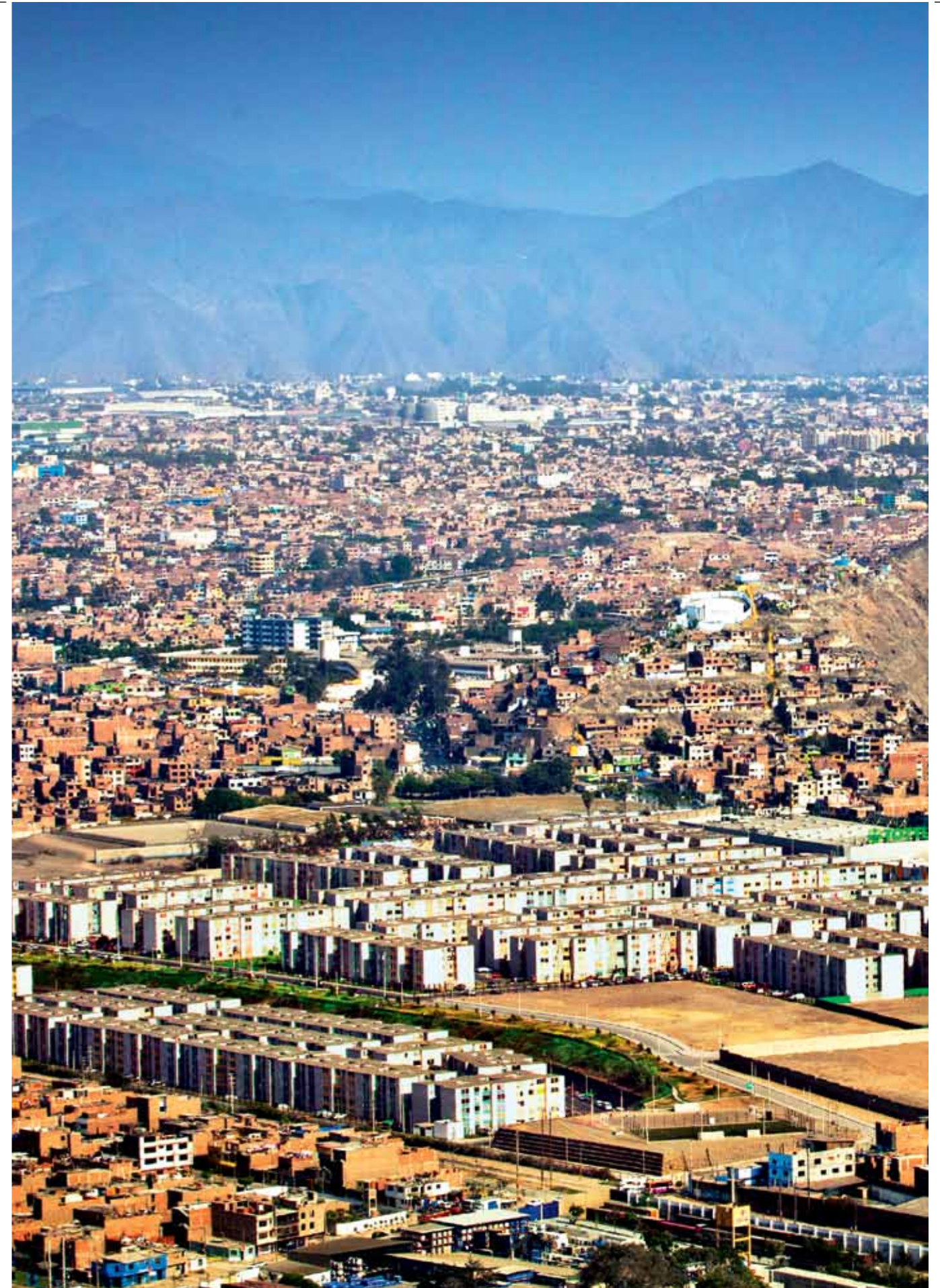
Other projects that merit special mention are the opening of the Parque Agustino shopping center in the month of December, with 7 movie theaters and 20,000 m² of commercial area as part of the 3,600-apartment Parques del Agustino social housing project. This complex, the first of its kind in Peru, is in line with our concept of offering better housing and an improved standard of living.

During the year, the renowned French architect, Jean Nouvel (Pritzker Award winner in 2008), was hired to design a world-class project for combined use on the site of the former San Martín military base in Miraflores, which we acquired during the previous year.

Our Los Parques de Carabaylo project won 1st place in the Mi Vivienda (My Home) category in the "IX Concurso Nacional de Calidad Arquitectónica CAP 2010 – Premio Celima" architectural quality contest, and our Social Accompaniment Program was selected as a finalist in two categories of the Concurso Creatividad Empresarial 2011 (2011 Business Creativity Contest).

In addition, Viva GyM ranked 9th on the Great Place to Work Institute's list of "the Best Companies to work for in Peru" in the small company category.

The leadership attained by this great team and the enormous demand for social housing in our country enable us to view real estate prospects for the coming years with great optimism.



CONJUNTO HABITACIONAL PARQUES DE EL AGUSTINO



+
Creciendo
en Calidad



Social Responsibility

Good corporate governance practices with regard to its shareholders, in addition to talent management geared toward employees' professional and personal development, create an atmosphere of trust and commitment, which is vital in order to continue taking on the challenges entailed by the growth of the group.

We continue to enhance our professional talent management in line with our "Learn in order to Grow" strategy, in the certainty that our employees' knowledge, capacity and enterprising attitude are our greatest competitive advantage.

This positive experience is what we project to society within our "Growing and Sharing" social responsibility strategy, establishing education and knowledge as the basis for development and social welfare.

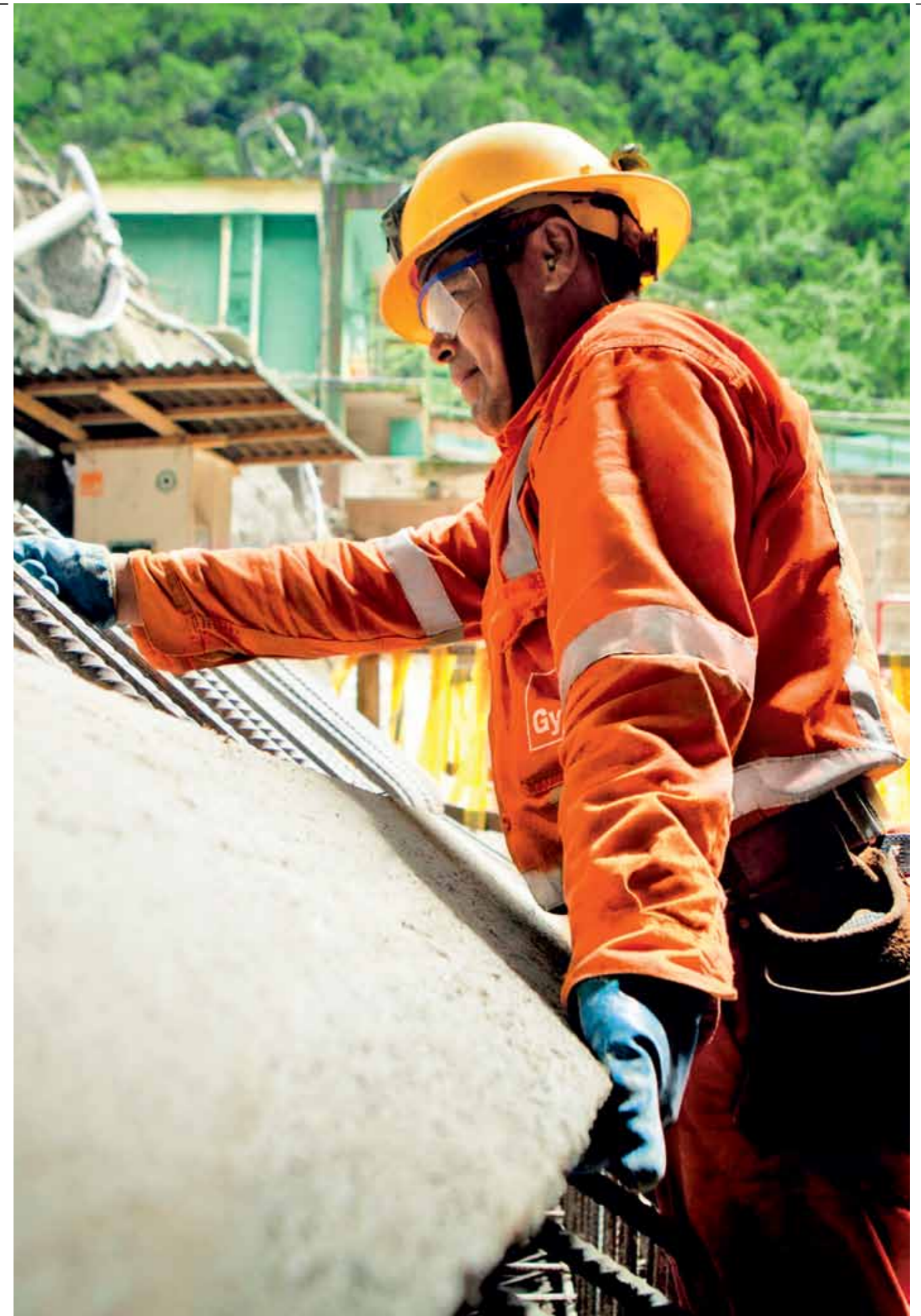
During the year 2011, we continued our well-known "Developing Job Skills in the Area of Influence" program. In addition, we held the second annual edition of the Graña y Montero Award for Peruvian Engineering Research and launched a new category in this contest, in order to recognize the best research or thesis by a recent engineering graduate. We also continued the degree candidate program geared toward providing opportunities to obtain an academic degree based on applied research work.

The Engineering Portal completed its first year of existence, providing virtual as well as physical spaces for sharing knowledge, with over 17,000 registered members.

The "Espacio Azul" civil association, a Graña y Montero non-profit entity, continued fostering the group's corporate social responsibility activities, particularly Graña y Montero Volunteering, as a statement that CSR is everyone's commitment.

These social responsibility actions and initiatives, as well as others mentioned in the following paragraphs, are included in our annual report for the United Nations Global Compact. Starting this year, they will be included in the Graña y Montero group's first GRI Sustainability Report.

We continue to be committed to socially responsible corporate management that ensures the growth and sustainability of our business to the benefit of our 25,263 employees, their families and society.



Human Resource Management

The group's considerable economic growth has entailed a large increase in the total number of employees, who now number 25,263; that is, an increase of approximately 58% compared to December 31, 2010. The number of engineers and professionals rose 71%, totaling 4,810, with 2,992 engineers with different areas of specialization.

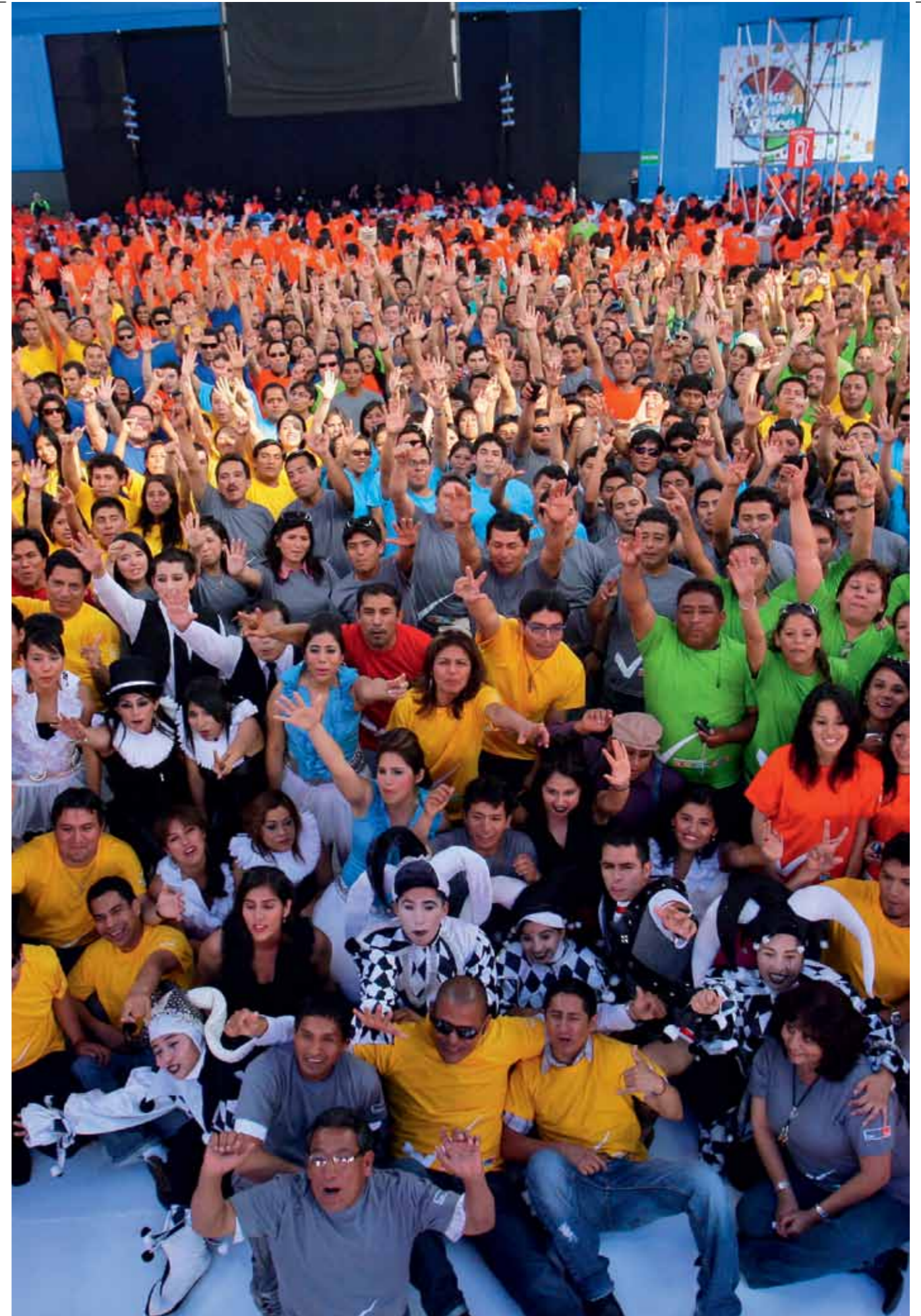
The incorporation of the international operations of Cam GyM and GSD has been a challenging and enriching experience in which different cultures have been integrated for the achievement of new common goals. Similarly, engaging in new lines of business, such as the operation of Line One of the Lima Metro, has led to human resource management in line with the need to have a team of employees that meets our clients' new service needs.

For this reason, the local and international human resource management teams have redoubled their efforts to respond to the need to form and develop teams committed to all of the new challenges related to growth, dealing with rising standards of competitiveness and specialization, and developing greater

opportunities for employees' personal and professional growth. For this purpose, they have had specialized support from the Corporate Learning Center on the design and development of systems and programs aimed at developing the professional competences and leadership styles required of our employees in the short and long term.

In addition, a mid-year internal corporate communication campaign was held with the slogan "With your talent, anything is possible", emphasizing the talent, effort, creativity and commitment of the engineers, professionals and technicians who execute our projects, and highlighting the importance of that emotional connection with their effort, contribution and achievement.

For the fourth year in a row, the Graña y Montero Group has continued its process of improving the working climate. In 2011, 72% of its more than 9,500 employees confirmed that it is a great place to work, particularly Viva GyM and GMI, which ranked among the country's 45 best places to work.



Educational Statistics

N° People as of 12.31.11	GyM	Viva GyM	GMV	GMD	GMP	GMI	CONCAR	CAM REG.	Total
Employees on Subsidiaries' Payroll									
Engineers / Architects with graduate degrees	21	58	10	7	21	9	20	45	191
Other Professions with graduate degrees	24	12	4	0	2	3	2	43	90
Engineering / Architecture Professionals	9	1,325	16	508	86	365	180	312	2,801
Other Professions	24	639	25	278	37	84	186	455	1,728
Total Professionals	78	2,034	55	793	146	461	388	855	4,810
Technicians	9	535	29	477	242	392	2,193	954	4,831
Total Employees on Subsidiaries' Payrolls	87	2,569	84	1,270	388	853	2,581	1,809	9,641
Laborers									
Skilled Laborers	0	6,541	0	0	0	0	0	0	6,541
Unskilled Laborers	0	4,673	0	0	0	58	0	0	4,731
Subcontractors' Laborers	0	4,350	0	0	0	0	0	0	4,350
Total	0	15,564	0	0	0	58	0	0	15,622
Total Personnel	87	18,133	84	1,270	388	911	2,581	1,809	25,263
Interns	0	84	4	41	3	12	0	54	198
Independent Professionals	4	5	0	5	2	14	0	0	30
Total	4	89	4	46	5	26	0	54	228
Grand Total	91	18,222	88	1,316	393	937	2,581	1,863	25,491

Age Distribution

N° Employees as of 12.31.11	GyM	GyM	Viva GyM	GMD	GMP	GMI	CONCAR	CAM REG.	Total
Under 20	0	2	0	0	0	1	162	18	183
From 20 to 30	16	1,240	32	569	64	333	1,005	665	3,924
From 31 to 40	26	776	31	518	100	302	792	689	3,234
From 41 to 50	31	328	19	142	84	119	405	299	1,427
From 51 to 60	11	171	2	39	102	72	186	126	709
From 61 to 65	3	39	0	1	30	13	28	12	126
66 and over	0	13	0	1	8	13	3	0	38
Total	87	2,569	84	1,270	388	853	2,581	1,809	9,641

Population Statistics

N° People as of 12.31.11	GyM	ViVa GyM	GMV	GMD	GMP	GMI	CONCAR	CAM REG.	Total
Organization									
Headquarters	87	516	60	218	70	428	53	550	1,982
Projects	0	2,053	24	1,052	318	425	2,528	1,259	7,659
Total	87	2,569	84	1,270	388	853	2,581	1,809	9,641
Gender									
Male	60	2,053	37	919	350	708	2,217	1,397	7,741
Female	27	516	47	351	38	145	364	412	1,900
Total	87	2,569	84	1,270	388	853	2,581	1,809	9,641
Hierarchy									
Senior Management	35	7	0	3	4	7	13	46	15
Employees	52	2,562	84	1,267	384	846	2,568	1,763	9,526
Interns	0	84	4	41	3	12	0	54	198
Independent Professionals	4	5	0	5	2	14	0	0	30
Laborers	0	15,564	0	0	0	58	0	0	15,622
Total	91	18,222	88	1,316	393	937	2,581	1,863	25,491

Employment Status Statistics 2010-2011

N° People as of 31.12.11	GyM S.A.A.31.12.10	GyM S.A.A.31.12.11	GyM 31.12.10	GyM 31.12.11	Viva GMV 31.12.10	Viva GMV 31.12.11	GMD 31.12.10	GMD 31.12.11	GMP 31.12.10	GMP 31.12.11	GMI 31.12.10	GMI 31.12.11	CONCAR 31.12.10	CONCAR 31.12.11	CAM REG 31.12.10	CAM REG -31.12.11	Total as of 31.12.10	Total as of 31.12.11
Type of Employment Contract																		
Employees																		
With Permanent Employee Status	67	82	433	611	26	33	288	338	237	252	92	96	70	93	673	866	1,886	2,371
With Temporary Employee Status	0	5	1,185	1,958	45	51	749	932	159	136	504	757	1,891	2,488	612	943	5,145	7,270
Total Employees	67	87	1,618	2,569	71	84	1,037	1,270	396	388	596	853	1,961	2,581	1,285	1,809	7,031	9,641
Laborers																		
Regular Employment System																		
With Permanent Employee Status	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
With Temporary Employee Status	0	0	1,158	1,344	0	0	0	0	0	0	57	58	0	0	0	0	1,215	1,402
Special Civil Construction Status (Temporary Status)	0	0	7,468	9,870	0	0	0	0	0	0	0	0	0	0	0	0	7,468	9,870
Total Laborers	0	0	8,626	11,214	0	0	0	0	0	0	57	58	0	0	0	0	8,683	11,272
Total Employees and Laborers	67	87	10,244	13,783	71	84	1,037	1,270	396	388	653	911	1,961	2,581	1,285	1,809	15,714	20,913

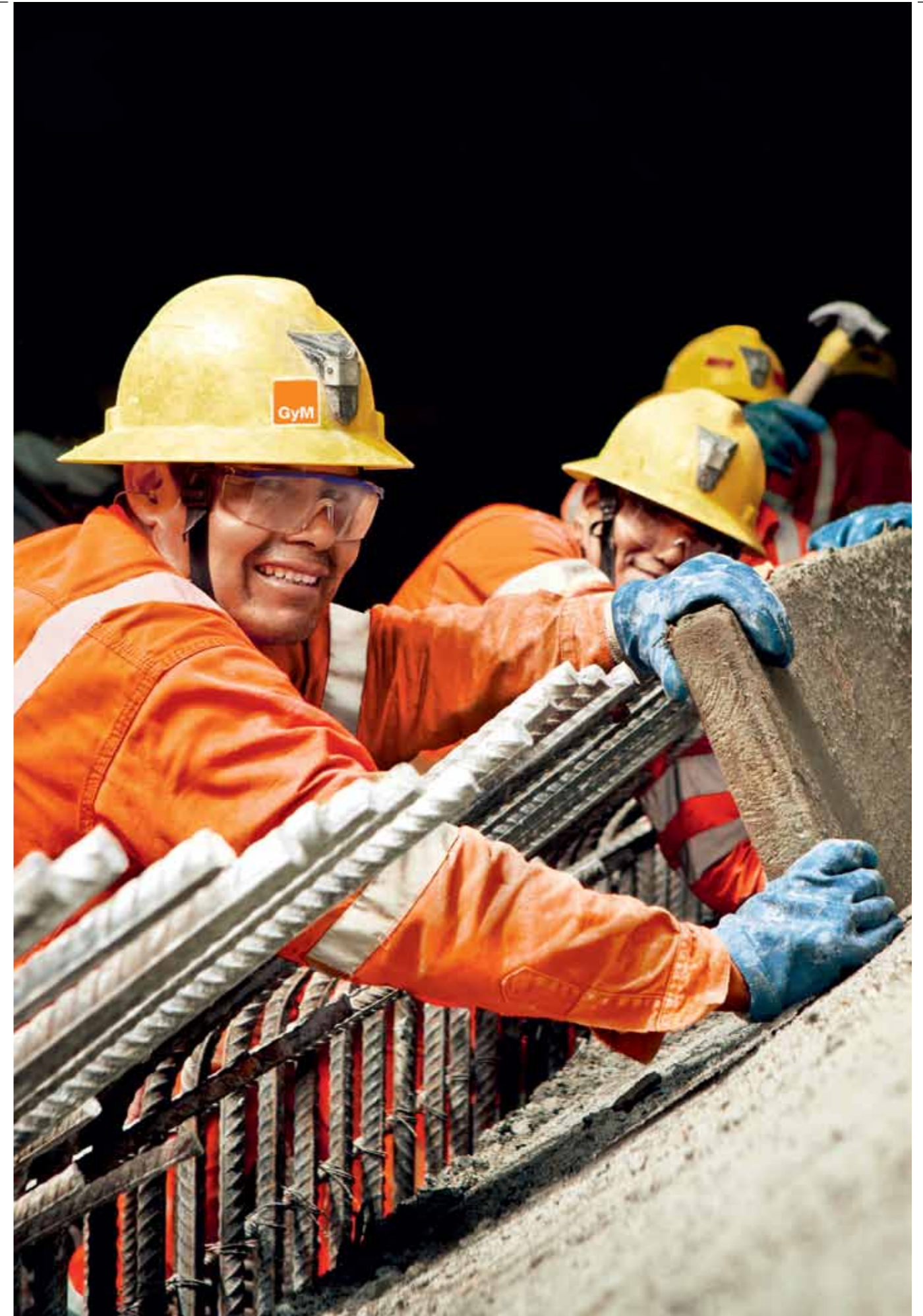
Risk Prevention and Environment

At Graña y Montero, the consolidation of an integrated risk prevention and environmental management system has entailed the development of a culture of prevention supported on a daily basis by specialized internal training, adequate tools and equipment, and, fundamentally, continuous emphasis on safe conduct in our operations.

During the year 2011, we have continued with the introduction and development of BBS as a proactive methodology that enables us to transform unsafe behaviors into safe behaviors, observe and identify critical behaviors, design safe behaviors and monitor the safe performance of our employees' work.

In the application of BBS over the past three years in the Poracota and Orcopampa pilot projects, behavior indicators at Poracota show improvement from 89% to 96% as an indicator of safe performance of work. At Orcopampa, the indicators increased from 93% to 96%.

Our performance indicators clearly show that we are on the right path. In recent years, all of these actions have made it possible to maintain our Frequency Index under 0.55 (OSHA). In the year 2011, we provided 1,149,903 hours of safety and environment training. In this manner, the constant growth of our operations is accompanied by the group's continuous commitment to its employees' safety and its clients' requirements.



Knowledge management

In the year 2011, the group directed its efforts related to knowledge management and talent development toward all of Graña y Montero's professional employees. For this reason, the Corporate Learning Center team was reinforced and commissioned with the development of a comprehensive program aimed at accelerating the growth of all employees, particularly professional employees, through both technical and managerial training fostered and supported by supervisors and managers.

This led to the creation of the "Graña y Montero Talent Development" program that has had the valuable participation of all of the general managers, as well as the managers of Operations and Human Resources. Thanks to this contribution, it has been possible to clearly establish the behaviors expected of an employee throughout his/her career, as well as the specific competences that enable one to adopt such behavior. This program is carried out within the framework of the corporate values and the Graña y Montero culture.

This strategic project based on the competence model takes on the challenges expected from 2011 to 2016 and is based on an active manager – employee relationship and adequate training programs in every phase of an employee's career path.

The year 2012 will be the year of the full deployment of the "Graña y Montero Talent Development" project within the framework of the "Learn in order to Grow" corporate strategy, and we will continue improving the related management indicators.

During the year 2011, over 255,000 man hours of training were provided, almost 20% more than the number recorded for the previous year.

Training in the year 2011

Description	GyM	GMD	GMI	GMP	Concar	GMV	Total
Internal Training	57,347	26,290	13,580	5,395	37,113	1,403	141,128
Basic Program – Young Engineers	36,099	2,076	8,169	570	6,094	208	53,216
Collective Memory	1,580	0	1,061	754	0	217	3,612
Management Training	10,582	5,066	773	539	2,762	767	20,489
Technical Training	9,086	19,148	3,453	3,532	28,182	211	63,612
Competence Building	0	0	124	0	75	0	199
Internal Training	57,347	26,290	13,580	5,395	37,113	1,403	141,128
External Training	37,495	30,365	9682	22,049	12,648	4,997	117,236
Total Training	94,842	56,655	23,262	27,444	49,761	6,400	258,364
Monthly Average - Employees	2,136	1,189	765	405	2,071	84	6,650
Hours of Training / Employees	44.40	47.65	30.41	67.76	24.03	76.19	38.85
Risk Prevention - Environmental Management	1,149,903	0	23,411	8,266	21,378	77,454	1'280,372

Community Relations

Within the framework of the corporate "Growing and Sharing" strategy, during the year 2011 a number of programs and social responsibility actions centered on our capacities and knowledge were executed, based on the expectations of the different communities to which we have ties over the course of our operations.

We are not only referring to communities in the area of projects being executed, but also other communities or stakeholders, such as the academic and university community or the business community related to our economic sector.

In every case, we base our actions on the conviction that knowledge is the main source of sustainable social welfare and the driving force of a culture of progress and leadership.

In relation with the engineering community, we not only continue to promote research through the "Award for Peruvian Engineering Research" in two categories, energizing the virtual exchange of experiences and strengthening professional ties through the Engineering Portal. This year, together with Pontificia Universidad Católica del Perú, we are promoting and sponsoring the "Conference of the International Group for Lean Construction" in Lima.

With Universidad del Pacífico, we also launched the "Practical Guide for Project Management with Social Responsibility" in May 2011 as a contribution to the promotion of socially responsible corporate behavior. Considering our leadership in

the development of large-scale social housing programs and their impact on the development of new urban communities, we held an international training event aimed at promoting a new perspective of the rights and duties of owner residents of the new "Los Parques de El Agustino" housing complex that is home to over 4,200 families.

Our regular "Developing Job Skills in the Area of Influence" program received international recognition from Fórum Empresa in its publication, "La empresa como promotora del desarrollo económico y social: casos exitosos en América Latina" (The company as a promoter of economic and social development: successful cases in Latin America), which was presented at the IDB's 2011 Inter-American Conference on Corporate Social Responsibility held in the city of Asunción, Paraguay.

These actions and others mentioned below have contributed to the fact that the "Corporate Reputation – Socially Responsible Company Index" calculated by Pontificia Universidad Católica del Perú's CENTRUM and the "Arellano Marketing" consulting firm rank Graña y Montero in 8th place. It should be noted that the 7 companies outranking us pertain to the consumer products sector.

The following table presents a summary of the main CSR actions executed in the different geographical areas where the different companies in the Graña y Montero group operate.

Initiative	Direct Beneficiary Target Group	Location
Developing Job Skills Program - Direct training (Projects). 2,631 beneficiaries with 128,023 man hours of training.	Local residents in the area of influence of GyM projects.	Lima, Ayacucho, Apurímac, Cajamarca, Cerro de Pasco, Cuzco.
Developing Job Skills Program in the Area of Influence - Indirect training (Community). 408 beneficiaries with 11,539 man hours of training.	Local residents in the area of influence of the projects de GyM.	Apurímac, Arequipa, Cajamarca, Cerro de Pasco, Ica, Lima.
Natural Disaster Preparedness (tsunamis, floods, earthquakes) and Environmental Accident Prevention (spills) Program. 869 beneficiaries with 2017 man hours of training.	Parents of children from the communities located in the area of influence, as well as at schools. Companies in the group.	La Libertad, Arequipa, Chimbote, Lima, Piura.
Traffic and Civic Education Programs.	Children and adolescents from the schools located in the areas near the highways operated by Concar under concession.	Junín, Piura, Ayacucho, Cuzco, Lima, Ica, Tacna, Moquegua, Lambayeque, Piura, Tumbes.
Social Accompaniment Program, in economical housing projects: training on the rights and duties of new residents for the purpose of fostering healthy coexistence and leadership. 4,153 beneficiaries with 8,015 man hours of training.	Residents of the social housing condominiums built by GMV.	El Agustino, Cercado and Carabayllo in Lima.
Guided visits and talks on the project being executed - Socio-environmental impact. 983 beneficiaries with 2,528 man hours of training.	Local residents in the area of influence of the projects. Companies in the group.	Arequipa, Chimbote, Cuzco, Ica, Ilo, La Libertad, Lima, Piura, Puno.
Safety-related training: work at heights, use of safety equipment and evacuation. 1904 beneficiaries with 4,340 man hours of training.	Local residents in the area of influence of the group's companies.	Arequipa, Cuzco, Cerro de Pasco, Ilo, Ica, Apurímac, Piura.
Training on management and environmental impact in operations areas. 1,781 beneficiaries with 2,288 man hours of training.	Students, clients, relatives of employees and the community in general. Companies in the group.	Lima, Cuzco, Cerro de Pasco, Junín
Training related to personal development: self-esteem, family violence and leadership. 198 beneficiaries with 850 man hours of training.	Parents and women of the communities located in the area of influence of the projects. Companies in the group.	Ica, Cuzco, Lima
Educational talks on development and family protection: parent - child relationship. 3,000 beneficiaries with 6,000 man hours of training.	Local residents in the area of influence of the projects. Companies in the group.	Lima, Arequipa.

Iniciative	Direct Beneficiary Target Group	Location
Vocational Orientation Program and Life Plan. 663 beneficiaries with 1,395 man hours of training.	Young people and adolescents living in the area of influence of the projects. Companies in the group.	Lima, Ica, Arequipa.
Workshop on Artisan Production Projects and Empowerment. 208 beneficiaries with 2,494 man hours of training.	Women from communities near the areas of influence of the projects. Companies in the group.	Lima, Piura.
Entrepreneurial Andean Women Program.	Women of the communities near the areas of influence of the projects. GMI.	Junín, Lima.
Job Workshops: electrical installations, heavy equipment operation, conventional and decorative painting on concrete surfaces. 125 beneficiaries with 3,388 man hours of training.	High school students at schools located in the area of influence of the projects. GyM	Lima, Arequipa.
Graña y Montero Volunteering Program: Christmas Solidarity, Cold Weather Campaign - Improved Kitchens, Improvement of Recreational Areas and creation of a plant nursery at Padre Iluminato School. 3,339 beneficiaries.	Children of the communities near the areas of influence of the projects, high Andean communities with respiratory problems, rural community of Condorcocha, children of the Padre Iluminato shelter. Companies in the group.	Lima, Ancash, Arequipa, Dominican Republic, Huancayo, Ayacucho, Piura, Abancay, Ica.
Several philanthropic donations. 5,162 beneficiaries	Firefighters of Peru, schools, National Police Force, several private and public entities. Companies in the group.	Arequipa, Ayacucho, Ilo, Cuzco, Lima, Piura.
Local acquisition and purchasing program.	Local residents in the area of influence of the "Fuerabamba" project. GyM.	Cuzco.
Awareness-raising campaign on caring for the environment. 4,012 beneficiaries.	Local residents in the area of influence of projects. Companies in the group.	Arequipa, Apurímac. Lima, Cuzco, Ica, Piura.
Improvement in neighborhood infrastructure: Reconstruction of irrigation channels and berms, Maintenance of borders of dumps, Conditioning of trees in plant nurseries, construction of gabions in affected areas. 22,361 beneficiaries.	Local residents in the area of influence of the projects. Companies in the group.	Apurímac, Arequipa, Piura, Cerro de Pasco, Lima.
Solid Waste Management Program: Collection and disposal. 29,816 beneficiaries.	Students, teachers and community near the area of influence of the project. Companies in the group.	Apurímac, Arequipa, Piura, Ayacucho, Lima, Cuzco.
Environmental Monitoring Programs: Water, Archaeological Remains, Noise, etc. 30,902 beneficiaries.	Local residents in the area of influence of the projects. GyM.	Arequipa, Ayacucho, Apurímac.

Iniciative	Direct Beneficiary Target Group	Location
Establishment of dialogue with the community. 2,464 beneficiaries.	Local residents in the area of influence of the projects. GyM.	Arequipa, Ayacucho, Cuzco, Lima.
Social welfare campaigns and improvement in housing units. 5,940 beneficiaries.	Local residents in the area of influence of the projects. Companies in the group.	Arequipa, Ica.
Promotion and execution of engineering research: Engineering Portal, Announcement of the 3rd edition of the Graña y Montero Peruvian Engineering Award, Announcement of the First University Thesis Contest, Sponsorship or Lean Construction Conference.	Academic and professional engineering community. Companies in the group.	Participación a nivel nacional.
Health and nutrition programs, battle against AIDS, vaccination campaigns. 333 beneficiaries.	Local residents in the area of influence of the projects. Companies in the group.	Arequipa, Ayacucho, Cuzco, Lima.
Launch of the "Practical Guide for Project Management with Social Responsibility".	Academic and business community. GyM.	Distribución a nivel nacional.
Teacher training program to improve primary education. 4,265 beneficiaries with 21,080 man hours / training.	Teachers at the schools near the area of influence of the projects. GMP.	Ancash, Arequipa, Cuzco, Ica, Ilo, La Libertad, Lima, Piura, Puno.

Corporate Governance

The year 2011 has been a year of important progress regarding corporate governance. In March, José Graña, who was the Chairman and First Executive of the Group, decided to retire from his executive responsibilities. The Regulations of the Board of Directors were modified, differentiating the position of Chairman of the Board of Directors, which will not involve executive responsibilities, and that of the Chief Executive Officer, which will be the group's top executive position. José Graña continues as the Chairman of the Board of Directors and Mario Alvarado Pflucker is the Chief Executive Officer.

Additionally, it was agreed to organize the structure of the group in 4 business areas (Engineering and Construction, Services, Infrastructure and Real Estate), creating an Operating Committee for each business area, the composition of which will include at least one independent director. The primary objective of the Operating Committees is to supervise the operations of the companies in the group, in order to enable the Graña y Montero S.A.A. Board of Directors to have better knowledge of the business and operations of the different companies composing the group.

Work was also done on the redefinition of the Executive Commission, which is understood to be composed of the general managers, executive presidents and corporate managers. The Executive Commission has met on a monthly basis to discuss and work on matters of strategic importance to every company in the Group.

In 2011, we modified our Internal Rules of Conduct, reinforcing the rules on the handling of privileged information and raising the standards required of our executives and employees with access to privileged information.

Lastly, it should be noted that Graña y Montero has been included in the Lima Stock Exchange's Good Corporate Governance Index since its creation and has actively participated in the Companies Circle, a group composed of 19 Latin American companies with high standards of corporate governance that actively promote and share their experiences with other Peruvian companies.

Board of Directors

In the month of March, Directors Augusto Baertl Montori and Teodoro E. Harmsen left the Board of Directors. They were replaced by Luis Miró Quesada Valega and Hugo Santa María Guzmán.

José Graña Miró Quesada
Chairman / External Director

Roberto Abusada Salah
Independent External Director

Carlos Montero Graña
Vice-Chairman / External Director

José Antonio Colomer Guiu
Independent External Director

Luis Miró Quesada Valega
External Director

Hernando Graña Acuña
Independent Internal Director

José Chlimper Ackerman
Independent External Director

Hugo Santa María Guzmán
Independent External Director

Mario Alvarado Pflucker
Independent Internal Director / Chief Executive Officer



Profile of the Board of Directors

José Graña Miró Quesada

Chairman of the Board of Directors. Architect. Additionally, he is the Chairman of the Board of Directors of subsidiaries GyM and Viva GyM S.A., and Director of Empresa Editora El Comercio S.A.

Carlos Montero Graña

Vice Chairman of the Board of Directors. Civil Engineer. He was the Vice Chairman of Graña y Montero until March 31, 2007. Additionally, he is the Chairman of the Board of Directors of Concar, Vice Chairman of the Board of Directors of GMP and a director of GyM.

Roberto Abusada Salah

Independent Director. Ph.D. in Economics. He has attended Universidad Católica del Perú and Cornell and Harvard universities in the USA. Former Director of the PUCP graduate Economics program. He has held the position of Director of Peru's Central Bank and CAF and Vice Minister of Economy. Founder and Director of the Instituto Peruano de Economía (IPE/Peruvian Institute of Economics). Currently, he is the Chairman of the Board of Directors of GMD.

José Chlimper Ackerman

Independent Director. Attended Universidad Nacional de Ingeniería (National Engineering University). Degree in Economics and Business Administration from North Carolina State University in the USA. Former Director of ALAFARPE, ADIFAN, SNI, and President of IPAE. Former councilman for the municipality of Lima, President of the Fondo de Las Américas and Minister of Agriculture. Currently, he is a director of Maestro Home Center Perú S.A., Aeropuertos del Perú S.A. and ComexPerú, and a member of the Agrarian Consultative Council for the master's degree in Agribusiness program at Universidad del Pacífico. Chairman of the Board of Directors of Corporación Drokasa S.A. and Chairman of the Board of Directors and CEO of AGROKASA. He is a director of Graña y Montero S.A.A. and G y M S.A.

José Antonio Colomer Guiu

Independent Director. Certificate in Corporate Management from IESE Business School, Universidad de Navarra. Certificate in Business Management and Marketing from ESADE. Certificate in Quality and Strategic Marketing from AEDEM, Alta Escuela de Dirección de Empresas. Certificate in Leadership and Innovation from IESE - Universidad de Navarra. President of ASF SL and advisor to GRUPSOLER S.A. He is a director of BBVA Banco Continental and Holding Continental, as well as MAPFRE / CATALUNYA. Additionally, he is a director of Viva GyM.

Hugo Santa María Guzmán

External Independent Director. He has a doctorate in Economics from Washington University in St. Louis and a degree in Economics from Universidad del Pacífico. He is a partner and senior economist at APOYO Consultoría. He is a director of MiBanco and Apoyo Comunicación Corporativa. Previously, he was a director of Fondo Consolidado de Reserva (FCR) and Compañía Minera Atacocha.

Luis Miró Quesada Valega

External Director. Businessman and Director of Empresa Editora El Comercio S.A. since March 1990. In addition, he has held the positions of Director and President of Grupo TV S.A.C.; Plural TV S.A.C. and Compañía Peruana de Radiodifusión S.A. since October 2007 and Zetta Comunicadores del Perú S.A. EMA since June 1995.

Mario Alvarado Pflucker

Internal Director and Chief Executive Officer. Civil Engineer with a Master's degree in Engineering Administration from George Washington University, USA. Currently, he is also a director of GMD, GMI, GyM, GMP, Viva GyM, CONCAR and CAM Chile.

Hernando Graña Acuña

Internal Director. Industrial Engineer with graduate studies in Mining Engineering from the University of Minnesota, USA. He is the Chairman of the Board of Directors of GyM and a Director of GMI, GMP, CONCAR, Norvial, Survial and Cam Chile.

Board of Directors Committees

Audit and Process Committee:

Roberto Abusada Salah, Chairman
José Chlimper Ackerman
José Antonio Colomer

This committee held four meetings during the year

Human Resource Management and Social Responsibility Committee:

José Chlimper Ackerman, Chairman
Roberto Abusada Salah
Luis Miró Quesada Valega

This committee held three meetings during the year

Investment and Risk Committee:

José Graña Miró Quesada, Chairman
José Antonio Colomer Guiu
Hugo Santa María Guzmán

This committee held three meetings during the year

Operating Committees of the Board of Directors

Engineering and Construction Committee:

José Graña Miró Quesada, Chairman
Mario Alvarado Pflucker
José Chlimper Ackerman
Hernando Graña Acuña

This committee held three meetings during the year

Services Committee:

José Graña Miró Quesada, Chairman
Mario Alvarado Pflucker
Roberto Abusada Salah
Carlos Montero Graña

This committee held three meetings during the year

Infrastructure Committee:

José Graña Miró Quesada, Chairman
Mario Alvarado Pflucker
Hugo Santa María Guzmán
Luis Miró Quesada Valega
Hernando Graña Acuña

This committee held three meetings during the year

Real Estate Committee:

José Graña Miró Quesada, Chairman
Mario Alvarado Pflucker
José Antonio Colomer Guiu

This committee held three meetings during the year

Executive Commission

The Executive Commission responsible for the coordination of the group is composed of the group's senior executives:

Mario Alvarado Pflucker

Chief Executive Officer

Chairman of the Executive Commission

Juan José Arrieta Ocampo

Corporate Human Resources and SR Manager

Mónica Miloslavich Hart

Chief Financial Officer

Claudia Drago Morante

Corporate Legal Manager

Antonio Rodríguez Canales

Investment Manager

Antonio Cueto Saco

Country Manager

Hernando Graña Acuña

Executive President GyM

Francisco Dulanto Swayne

Executive President GMP

This committee held three meetings during the year.

Shareholder Service Office

The Shareholder Service Office handled a total of 48 inquiries and meetings with investors and company shareholders during the year 2011 and participated in 5 international conferences in Mexico, Santiago, New York, Lima, London, Paris and Edinburgh, where 44 meetings were held with investors.

Self-evaluation of the Board of Directors

During 2011, the Board of Directors' Self-Evaluation Process took place at Graña y Montero S.A.A., as well as at our subsidiaries. As a result of the self-evaluation, we improved the scheduling of Board of Directors meetings and the structure of the committees, we worked on the risk matrix and we are continuing with visits to the projects. This year, the directors visited the National Theater project and the Machu Picchu Hydroelectric Power Plant.

Senior Executives

Mario Alvarado Pflucker

Chief Executive Officer since 1997. He 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, USA. Currently, he is a director of GMD, GMI, GyM, CAM Chile, Viva GyM, GMP and CONCAR.

Juan Manuel Lambarri Hierro

General Manager of GyM since 2001. Civil Engineer, graduate of Pontificia Universidad Católica del Perú and the Universidad de Piura Senior Management Program (PAD). He joined Graña y Montero in the year 1982 and currently, he is also a director of GyM, Viva GyM and GMI.

Hernando Graña Acuña

Executive President of GyM. Industrial Engineer with graduate studies in Mining Engineering from the University of Minnesota, USA. He is the Chairman of the Board of Directors of GyM and Director of GMI, GMP, CONCAR, Norvial, Survial and Cam Chile.

Luis Díaz Olivero

General Manager of GMP since March 2011. Industrial engineer with an MBA from the University of Pittsburgh. He held the position of Assistant Manager at GMP from 2009 to 2011.

From 2004 to 2009, he served as the Corporate Finance Manager and Finance Manager of GyM from 2001 to 2004. He has worked for the group since 1993. Currently, he is a director of GMP.

Francisco Dulanto Swayne

Executive President of GMP. He attended Universidad Nacional de Ingeniería (National Engineering University), ESAN and Universidad de Piura (PAD). He has worked for the Graña y Montero Group since 1974, and was the General Manager of GMP from its founding in 1984 until March 2011. He is also a director of Consorcio Terminales. He was the President of the SPE (Society of Petroleum Engineers), Lima Section, in 1991 and Director of the Sociedad Nacional de Minería y Petróleo y Energía (National Society of Mining, Petroleum and Energy) in 1993-1994 and 2005-2006.

Jaime Dasso Botto

General Manager of GMD since 2000. He obtained a bachelor's degree in Electronic Engineering and a master's degree in Software Development from Stevens Institute of Technology, USA. 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. Currently, he is a director of CONCAR.

Rolando Ponce Vergara

General Manager of Viva GyM since October 2008. Previously, he held the position of Manager of the Real Estate Division. He has worked for the Group since 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. Currently, he is also a director of Viva GyM.

Klaus Winkler Springer

General Manager of CAM since 2007. Currently, he is also a director of CAM Chile. Commercial engineer with a degree from Universidad Gabriela Mistral in Chile and an MBA from Stanford University. He served as Development Manager at Chilectra and previously held managerial positions at Enersis, Endesa Chile and Endesa España, working in Madrid, New York and Santiago.

Gonzalo Ferraro Rey

Corporate Infrastructure Manager at Graña y Montero S.A.A. since May 2011. Industrial engineer who attended Universidad Nacional de Ingeniería (National Engineering University) and Universidad de Lima. He also completed the Senior Management Program (PAD) at Universidad de Piura. He has worked for the group since August 1996, holding a number of managerial positions. Currently he is the Chairman of the Board of Directors of SURVIAL, CANCHAQUE and GyM LA CHIRA and a director of GyM Ferrovías.

Mónica Miloslavich Hart

Chief Financial Officer since July 1, 2009. Economist. Graduate of Universidad de Lima. She has been with the group since 1993. She was the Finance Manager of GME S.A from 1998 to 2004 and Finance Manager of GyM from 2004 to 2009. Currently, she is also a director of Norvial, Survial and GyM Ferrovías S.A.

César Neyra Rodríguez

Manager of Internal Auditing and Management Processes since 2003. 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 USA.

Claudia Drago Morante

Corporate Legal Manager since 2000. 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. Currently, she is also the Stock Exchange Representative and Secretary of the Board of Directors.

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.

Antonio Rodríguez Canales

Investment Manager since October 2010, Certified Public Accountant and graduate of Universidad de Lima, with a master's degree in Business Administration from ESAN and an MBA from The Birmingham Business School in the UK. He was the General Manager of Larcomar from 2002 until 2010. Currently, he is a director of Concar and CAM Chile.

Antonio Cueto Saco

Corporate Country Manager - Chile since February 2011. Economist with a degree from Universidad Católica and a master's degree in Management and Finance from HEC (Paris, France). He has worked for the group since 1996 and has held the positions of Business Development Manager at Graña y Montero S.A.A. (2008-2010), Commercial Manager at GyM (2007), Project Manager at GyM (2001-2007) and General Manager of Servisel S.A. (1996-2000).

Dennis Gray Febres

Corporate Finance and Investor Relations Manager since May 2011. Economist with a degree from Universidad del Pacífico specializing in Finance. Former Corporate Vice President of Finance at Citibank del Perú, General Manager of Citicorp Perú SAB, and Product Development Manager at BCP.

Jorge Luis Izquierdo Ramírez

Manager of the Corporate Learning Center. Civil Engineer with a degree from PUCP and a master's degree in Construction Management from the University of California, Berkeley. He joined the group in 1998 through GyM in operations and began running the Corporate Learning Center in January 2011.

Kinship

Mr. José Graña Miró Quesada, Chairman of the Board of Directors, has third degree kinship with Ms. Yamile Brahim Graña, a shareholder of the company, and fourth degree kinship with directors Hernando Graña Acuña and Luis Miró Quesada Valega. Lastly, Mr. Teodoro Hans Harmsen Andress, a director of GMP, has first degree kinship with Mr. Teodoro Harmsen Gomez De La Torre, Chairman of the Board of Directors of GMI.

Company Name

In a corporate split-off from Inversiones Graña y Montero S.A., Graña y Montero S.A.A. was incorporated by means of a public document on August 12, 1996 and registered on card 131617 and electronic record 11028652 in the Registry of Juridical Persons of Lima.

Capital

The capital of the company as of December 31, 2011 amounted to S/.390,798,933.00 represented by 558,284,190 shares with a nominal value of S/.0.70 each.

Principal Shareholders

As of December 31, 2011, we had 1,235 shareholders, of which approximately 25.65% own less than 1% of the capital stock and nearly 34.02% have from 1 to 5%.

The principal shareholder is the GH Holding Group, represented by José Graña Miró Quesada, Chairman of the Board of Directors.

List of Principal Shareholders as of 12/31/2011

Full Name	Numbers of Shares	Interest	Nacionality
GH Holding Group	117,538,203.00	21.05%	Panama
AFP Integra (ING GROUP)*	65,901,696.00	11.804%	Peru
Prima AFP (Grupo Crédito) *	65,889,092.00	11.802%	Peru
AFP Horizonte (Grupo BBVA)*	55,949,863.00	10.02%	Peru
Bethel Enterprises S.A.	33,785,285.00	6.05%	Panama
Profuturo AFP (Grupo Scotiabank)*	29,228,812.00	5.24%	Peru
Byron Development S.A.	22,432,223.00	4.02%	Panama
Subtotal	390,725,174.00	69.99%	
Other Shareholders	167,559,016.00	30.01%	
Total	558,284,190.00	100.00%	

* Sum of Funds 1,2 and 3

Tenencia	Number of Shareholders	Percentage Interest
Less than 1%	1,219	25.65%
From 1% - 5%	12	34.02%
From 5% - 10%	3	19.28%
Over 10%	1	21.05%
Total	1,235	100.00%

Dividend Policy

The company's Dividend Policy in effect in the year 2011 is to distribute 30% of the profits obtained each year.

Corporate Purpose

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

CIIU – 6719

Duration of the Company

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

Changes in shares

The share price quoted at year end was S/. 6.70.

The volume traded during the year amounted to S/. 592,536,777.

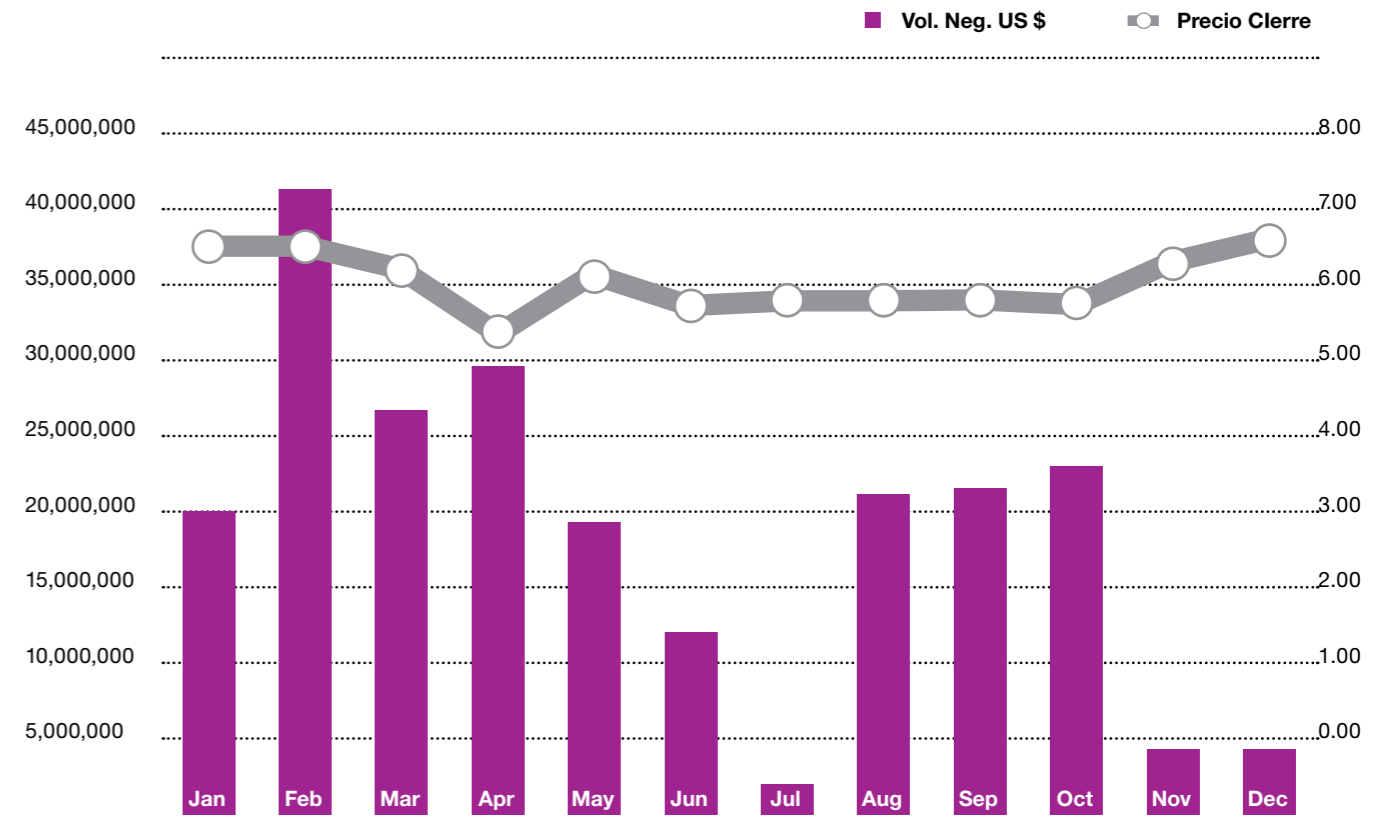
Lastly, the IGBVL (general index) dropped 16.90% compared to 2010, and the ISBVL (selective index) decreased by 14.71% compared to 2010. It should be noted that the variation in the GRAMONC share rose 0.75% (including the effect of the issuance of stock dividends).

Graña y Montero S.A.A.

Variable Income

ISIN Code	Nemonic	Year - Month	Quotes 2011				Avg. Price S/.
			Opening. S/.	Closing S/.	Max. S/.	Min. S/.	
PEP736581005	GRAMONC1	2011 - 01	6.70	6.50	6.73	6.40	6.58
PEP736581005	GRAMONC1	2011 - 02	6.55	6.50	6.92	6.50	6.60
PEP736581005	GRAMONC1	2011 - 03	6.50	6.21	6.60	6.00	6.27
PEP736581005	GRAMONC1	2011 - 04	6.20	5.14	6.35	4.60	5.41
PEP736581005	GRAMONC1	2011 - 05	5.14	6.10	6.55	5.10	6.18
PEP736581005	GRAMONC1	2011 - 06	6.10	5.24	6.35	5.22	5.77
PEP736581005	GRAMONC1	2011 - 07	5.24	6.05	6.30	5.24	5.91
PEP736581005	GRAMONC1	2011 - 08	6.05	5.90	6.30	5.20	5.58
PEP736581005	GRAMONC1	2011 - 09	5.90	5.45	5.90	5.45	5.74
PEP736581005	GRAMONC1	2011 - 10	5.40	6.13	6.30	5.10	5.64
PEP736581005	GRAMONC1	2011 - 11	6.13	6.40	6.45	6.00	6.26
PEP736581005	GRAMONC1	2011 - 12	6.40	6.70	6.70	6.30	6.46

Volume Traded GRAMONC1



Graña y Montero S.A.A.

Company Name	Graña y Montero S.A.A.
Address:	Av. Paseo de la República 4667, Surquillo
Telephone:	51-1-213 6565
Fax:	51-1- 213 6590
Shareholder Service Office	51-1-2136566
Representative	Mónica Miloslavich Hart
Electronic mail address	mmiloslavich@gym.com.pe
Incorporation	Public deed dated August 12, 1996
Public Records	Card 131617- Electronic Record 11028652
Capital Stock	S/. 390,488,222.74
Shares	558,284,190 fully subscribed and paid in
Acciones in portfolio	none
Principal Shareholders and Economic Group	See Corporate Governance section
Social Purpose	See Corporate Governance section
IIUC	6719
Duration	Indefinite
Events	See Historical Summary
Sector and Competence	Graña y Montero S.A.A. is an investment company whose principal subsidiaries pertain to the Construction, Engineering, Petroleum, Information Technology, Concessions and Shopping and Entertainment Center Sectors. In addition, it provides management services exclusively to its subsidiaries, due to which it does not actually compete in the market.

Net Sales	Year 2011	Year 2010
Leases	S/. 3'385,000	S/. 3'852,000
Management	S/. 36'180,466	S/. 32'302,336
	All of the services were provided in-country.	
Investment Plans	US\$ 183 million	
Main Assets		
Shares GyM S.A.	93.67%	
Shares GMP S.A.	95%	
Shares GMD S.A.	88.68%	
Shares GMI S.A.	89.41%	
Shares Concar S.A.	99.99%	
Shares Larcomar S.A.	79.69%	
Shares Norvial S.A.	50.10%	
Shares Canchaque S.A.	99.96%	
Shares Survial S.A.	73.00%	
Shares TGP S.A.	1%	
Shares Concesionaria La Chira S.A.	50%	
Shares GyM Ferrovías	75%	
Shares CAM Chile S.A.	75%	
Judicial Administrative or Arbitral Proceedings	See Notes to the audited Financial Statements	
Individuals Responsible for Preparing and Reviewing Financial Information	Gonzalo Rosado Solís - General Corporate Accountant Mario Alvarado Pflucker Corporate General Manager	
External Auditors	Price Waterhouse Coopers	

Historical Summary

Graña y Montero was founded 78 years ago on June 22, 1933 under the name of GRAMONVEL by engineers Carlos Graña Elizalde, Alejandro Graña Garland and Carlos Montero Bernales.

It was a construction company until the year 1949 when it merged with Morris y Montero to acquire capacity for the execution of paving and earth moving works under the new name of Graña y Montero.

In those times it participated in the country's major infrastructure works, such as the Southern Pan-American Highway, El Pato Air Base for the United States government and the city of Talara, and built some of Lima's most emblematic buildings, such as the Ministry of Economy and the Ministry of Labor.

In the 1950s, it formed Consorcio de Ingenieros Contratistas Generales S.A. to execute more complex projects, such as the Cañón del Pato Hydroelectric Plant, the Steel Mill in Chimbote and the runway for Lima's Jorge Chávez Airport.

Subsequently, it concentrated its growth on large-scale private projects such as the Cuajone and Cerro Verde mines, the Shell, Mobil and Occidental petroleum projects, and the Chavimochic and Chincas irrigation projects.

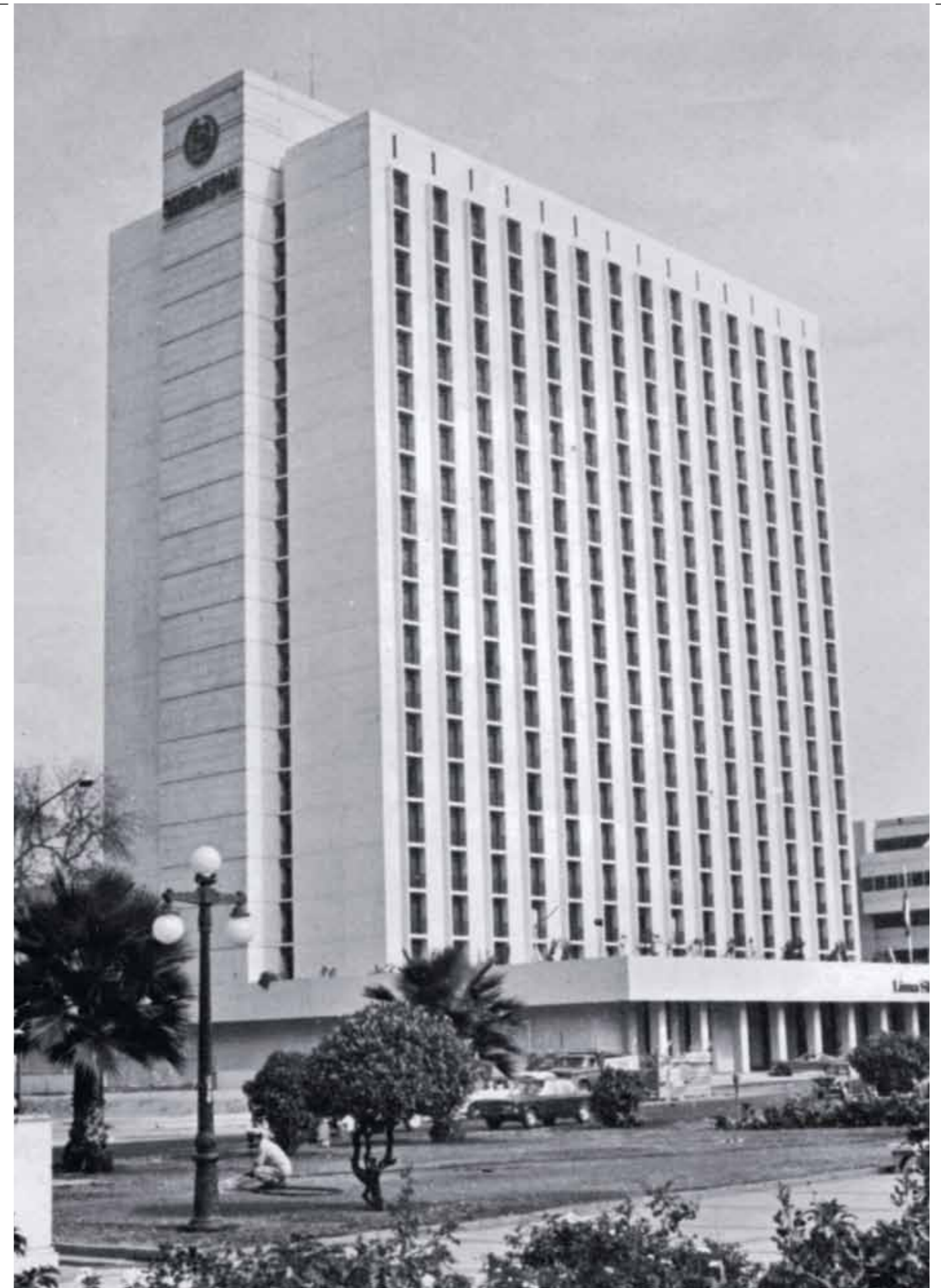
Upon the celebration of its 50th anniversary in 1983, the Strategic Diversification Plan was launched, leading to the formation of GMP, the petroleum service company; GMD, the information technology service company; and GMI, the engineering consulting company. These companies were the origin of what is now the Graña y Montero Group.

In the 1990s, Graña y Montero participated actively in the Peruvian privatization process as Telefónica's local partner in Telefónica del Perú, as ENDESA's partner in Empresa de Generación Eléctrica de Lima, and REPSOL's in the La Pampilla Refinery.

In recent years, Graña y Montero was the first company to participate in the infrastructure concession program, which has led to participation in the majority of the contracts and the operation of over 3,400 Km of highways today through its subsidiary, CONCAR S.A.

During the year 2010?, the group incorporated 5 companies: GSD, which specializes in the digitization of documents; CAM, which specializes in services for the electricity sector; Stracon GyM for mining services; La Chira S.A. for the La Chira Waste Water Treatment Plant Concession; and Ferrovías GyM for the operation of railways, beginning with the operation of the Lima Metro.

Currently, the Group has 3,082 engineers, it is the only company in its field listed on the Lima Stock Exchange, it clearly the leader in the country's engineering and infrastructure sector and it has activities in 6 other Latin American countries in addition to Peru.



HOTEL SHERATON LIMA, 1974

Direcciones

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GMI S.A.

Ingenieros Consultores

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Ferrovias GyM S.A.

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T 207-2900

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Cam GyM

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Representante Legal Klaus Winkler Springer

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Creciendo
en Solidez

