

12 December 2012

ASX Market Announcements
Australian Securities Exchange Limited
Level 4
20 Bridge Street
SYDNEY NSW 2000

RE: Leighton signs MoU to acquire Macmahon construction projects, supports equity raising

Please find attached a copy of a media release to be issued today by Leighton Holdings Limited.

Yours faithfully
LEIGHTON HOLDINGS LIMITED

RICHARD WILLCOCK
Group Company Secretary

12 December 2012 Leighton signs MoU to acquire Macmahon construction projects, supports equity raising

Leighton Holdings Limited announced today that, at the request of Macmahon Holdings Ltd, the Company has agreed to support Macmahon's equity raising and signed a Memorandum of Understanding (MoU)¹ in relation to the potential acquisition (the Proposed Transaction) of selected Macmahon construction projects. Leighton intends to acquire the construction projects for approximately \$16.3 million subject to adjustments, and selected plant and equipment².

Chief Executive Officer of Leighton Holdings, Mr Hamish Tyrwhitt, said that the Proposed Transaction represented the Leighton Group's latest initiative in delivering its strategy of developing distinctive core competencies and builds on our specialist expertise in road, rail, water, marine and resource infrastructure projects.

"Importantly, the acquisition of these projects will be accretive for the Leighton Group and will be efficiently absorbed into our business given our greater scale. The exit of Macmahon from construction will allow them to focus on their core contracting mining business and to substantially reduce overheads," said Mr Tyrwhitt.

"The Leighton Group is in joint venture with Macmahon on several projects and has been in discussions for a number of months about acquiring Macmahon's construction business. As Macmahon worked through their strategic and operational review it became clear that it was logical to talk to Leighton about exiting the construction business," he said.

"As discussions progressed, Macmahon reported on 19 September 2013 a major impact to the pre-tax earnings expectations for their Construction business in FY2013 due to additional costs, and uncertainty surrounding the commitment and timing of new projects.

"As a consequence, Leighton has signed a MoU to acquire selected construction projects of Macmahon which carry a work in hand of \$574 million and are listed in the MoU. Macmahon will retain a small number of construction projects which are scheduled to be completed in the coming months," said Mr Tyrwhitt.

"With the consent of Macmahon clients through the novation of contracts, the bulk of the projects will transition to our John Holland business, bringing volume and scale, and expanding their presence in the Northern Territory. Importantly for these clients and Macmahon's joint venture partners, we are planning a comprehensive and seamless transition, ensuring that all of the projects will be delivered to the same high quality and standard that we apply across the Leighton Group," said Mr Tyrwhitt.

"The Proposed Transaction will open up significant career opportunities for selected Macmahon construction people who will become part of a larger and more diversified business. I welcome the Macmahon staff who will transfer to the Leighton Group and look forward to a smooth transition," he said.

The Proposed Transaction is subject to Leighton completing satisfactory confirmatory due diligence and execution of a definitive sale agreement. It would also be subject to the approval of Macmahon shareholders, other than Leighton Holdings and its associates.

The terms of the MoU are described in more detail in the announcement made by Macmahon earlier today.

¹ As released to the ASX by Macmahon.

² Subject to completion adjustments as described in the MoU.

"As a shareholder, we support Macmahon's strategy to leverage their platform as a leading provider of specialist contract mining services. As such, Leighton intends to support Macmahon's capital raising and to participate, as a sub-underwriter, in the retail component of the offer on a subordinated basis. Our role as a sub-underwriter is subject to the appropriate regulatory approvals," said Mr Tyrwhitt.

"The Proposed Transaction will have no impact on Leighton's underlying NPAT³ guidance for FY 2012 and, based on the information we have reviewed to date, it will be earnings accretive for FY 2013.

"The Proposed Transaction provides the Leighton Group with opportunities to further progress our strategy of developing our core competencies while utilising existing overheads. I look forward to the Macmahon people progressively developing their careers with the Leighton Group as these projects are successfully delivered," said Mr Tyrwhitt.

ENDS

Issued by Leighton Holdings Limited ABN 57 004 482 982 www.leighton.com.au

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LEIGHTON HOLDINGS LIMITED, founded in Australia in 1949, is the parent company of the Leighton Group, one of the world's leading international contractors. The Group is also the world's largest contract miner. Listed on the Australian Stock Exchange since 1962, Leighton Holdings is a top 40 company by market capitalisation and has its head office in Sydney, Australia. Leighton Holdings owns and operates through a number of diverse and independent operating companies: Leighton Contractors; Thiess; John Holland; Leighton Asia, India and Offshore; and Leighton Properties. The Leighton Group also has a 45% investment in the Habtoor Leighton Group. These companies provide development, construction, contract mining, and operation and maintenance services to the infrastructure, resources and property markets. They operate in more than 20 countries throughout Australia, Asia, the Middle East and Southern Africa. The operating companies directly employ more than 57,000 employees.

³ Underlying NPAT excludes capital gains and impairments.