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1 June 2006

Company Announcements Office
Australian Stock Exchange Limited
Level 4
20 Bridge Street
SYDNEY NSW 2000

Dear Sir,

Re: Leighton enters into \$750 million operating lease facility

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

Yours faithfully
LEIGHTON HOLDINGS LIMITED

ASHLEY MOIR
Company Secretary

1 June 2006

Leighton enters into \$750 million operating lease facility

Leighton Holdings Limited today announced that the company has entered into a \$750 million fully unwritten revolving operating lease facility with the Commonwealth Bank of Australia (CBA). The facility, which includes an initial sale and lease-back component, supports the continued expansion of the Leighton Group's plant fleet to cater for growth in contract mining, while reducing its risk profile.

Leighton Holdings' Chief Executive, Mr Wal King AO, said he was delighted with this funding structure which reduces the amount of plant and equipment carried on the Group's balance sheet and guarantees efficient funding for future equipment purchases.

"The Leighton Group is currently the world's largest contract miner, mining some 90 million tonnes per annum (mtpa) of iron ore and 90 mtpa of coal. We currently have one of the largest fleets of heavy mining equipment in the world, worth some \$1.6 billion in total, of which \$500 million is financed using operating leases," said Mr King.

"Given the growth that we see in the mining and resources market, the plant fleet is forecast to grow to around \$2.0 billion in total over the next few years. This sort of expansion for equipment such as dozers, graders, excavators and off highway trucks would have tied up a significant amount of our financial resources unless we undertook other funding sources.

"The facility provides for early termination of leases, which allows equipment to be returned to the CBA with 3 months notice, after the first 12 months. This mitigates market risk by providing us with flexibility to expand or contract our fleet in line with market conditions," he said.

"The operating lease facility has common quarterly lease payments for all equipment and caters for all of the Group's Australian based contract mining subsidiaries.

"The facility provides the Group with great flexibility in terms of managing our contract mining activities, making us even more competitive in the market. We can freely transfer equipment from project to project, there are no limits to the hours we can operate the equipment and we can easily gear up to expand output.

"We see continued growth in global demand for resources over the next few years, which should provide further opportunities in contract mining. Entering into this facility supports our view of the outlook and provides a great opportunity to continue to grow our plant fleet to meet demand while reducing our risk profile," said Mr King.

"The longer-term outlook for the Group remains very strong with sustained growth in our core infrastructure and resources markets expected to support work in hand, which currently stands at a record \$16.1 billion. Our balance sheet remains very strong and during the period we invested in the acquisition of Henry Walker Eltin's mining operations and took up our equity stakes in Sydney's Lane Cove Tunnel and the WestLink M7 projects," said Mr King.

(continued...)

“Earlier this month, we announced that we had raised US\$110 million through an issue of 5-Year Fixed-Rate Guaranteed Notes (‘the Notes’) to support the continued growth of the Group’s operations in Indonesia. The Notes issue acts as a partial currency hedge of the Group’s net investment in the Indonesian businesses, further enhancing our risk profile.

“The Group’s work in hand provides great momentum and revenue for the full year is forecast to be approximately \$10 billion. We expect to record a strong final quarter operating profit and an increase in net profit after tax for the full year of approximately 20% on top of last year’s ‘AIFRS’ adjusted profit of \$215 million (\$205 million pre ‘AIFRS’ adjustments),” said Mr King.

ENDS

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

Further information:

MR WAL KING AO Chief Executive Officer T (02) 9925 6912 or

MR DIETER ADAMSAS Deputy Chief Executive Officer & CFO T (02) 9925 6923

MR JUSTIN GROGAN General Manager, Investor and Corporate Affairs T (02) 9925 6628

LEIGHTON HOLDINGS LIMITED is the parent company of Australia’s largest project development and contracting group. Founded in 1949, the organisation has grown into a diversified group that includes Thiess, John Holland, Leighton Contractors, Leighton Asia (Northern), Leighton Asia (Southern) and Leighton Properties. Leighton Group companies undertake activity for public and private sector clients in the engineering and infrastructure, building and property, mining and resources, telecommunications and environmental services markets. A range of services are offered including project development, construction, operation and maintenance. With over 25,000 employees, the Group’s operations are spread all around the Asia-Pacific region on projects in Australia, Hong Kong, Indonesia, Malaysia, the Philippines, Thailand, Vietnam, India, China and New Zealand. Leighton Holdings is listed on the Australian Stock Exchange and has its head office in Sydney.

(continued...)

APPENDIX A

KEY FEATURES OF THE OPERATING LEASE FACILITY

Value of facility	– Initially A\$750m
Pricing	– Commercial-in-confidence
Term of agreement	– Two year “evergreen” revolving facility
Payment	– Common quarterly lease payment dates for all equipment
Equipment	<ul style="list-style-type: none"> – Facility allows for equipment from a range of manufacturers – Includes wide range of mobile mid-range assets such as: <ul style="list-style-type: none"> – off-highway trucks – dozers – graders – excavators
Flexibility	<ul style="list-style-type: none"> – Voluntary early termination permitted for any unit after 12 months on lease, subject to 3 months notice – Equipment able to be moved across portfolio of jobs – Does not impact existing operating practice
Residual value	– Through life residual value curves up to nine years and under different operating scenarios
Accounting treatment	– Treated as an ‘Operating Lease’ and compliant with AIFRS accounting requirements
Maintenance	– Life-cycle major equipment maintenance program as per current operations