

## **Leighton Holdings Limited 47<sup>th</sup> Annual General Meeting**

### **7 November 2008**

*Speaker David Mortimer:*

My name is David Mortimer and I am your chairman.

On behalf of the Board of Directors I am pleased to welcome you to our 47th Annual General Meeting of Leighton Holdings Group Limited.

I want to report to you on the company's results for the year ended 30 June 2008.

As it is now a little past 10am and we have a quorum, I declare the meeting open.

Before we commence the business of the meeting I would like to introduce you to the company's directors and the company secretary. I will ask each of them to stand as I introduce them.

Commencing on my left we have Ian Macfarlane, Achim Drescher, Bob Humphris, Burkhard Lohr, Wal King, Dieter Adamsas, I've lost him again. I'm getting a track record for that, that's two years in a row. He reminded me last night not to admit him, but I tried my hardest. Wal King, Managing Director and Chief Executive Officer. Next to my vacant chair is Dr Peter Noe, Deputy Chairman. Ashley Moir, our Company Secretary, David Robinson, Herbert Lütkestratkötter, Peter Gregg and Martin Albrecht. Thank you gentlemen.

Details of each of the director's qualifications and experience and special responsibilities are included in their resumes which appear on pages 12 and 13 of the company's 2008 concise annual report. Whilst the resumes also include listings of each director's membership of other prominent and local and international boards, I would like to point out that these listings are not complete for all directors and they are not intended to be exhaustive. The resumes do, however, include directorships of all Australian listed public companies in the last three years, as is required under the Corporations Act.

Comprehensive listings of each of the director's Australian board positions are available from the Australian Securities and Investment Commission.

I advise that notice of this meeting has been given to shareholders in accordance with the requirements of the Corporations Act. Copies of the notice have been sent to shareholders and the minutes of the 46th Annual General Meeting held in November

2007 have been signed as a correct record of the proceedings of the meeting and those minutes are available for inspection by shareholders.

Having dealt with the formalities I shall now proceed with the business of the meeting.

The first resolution is to receive and consider the financial report and the reports of the directors and the auditor for the year ended 30 June 2008.

Before the meeting considers this resolution I would like to make some comments on the state of the company and its progress, commencing with the results for the year 2007/2008.

On behalf of the Board of Directors, I am pleased to report that your company has recorded another strong year in 2007/2008, with excellent returns for our shareholders. The year's result was based on good contributions from a number of large construction projects in Australia and in the Gulf, another solid property development performance, and the contract mining of iron ore and coal in Australia and Indonesia.

Highlights for the 2008 financial year include total revenue including joint ventures of 14.5 billion, up some 22%. Work in hand at 30 June of 30.3 billion, up 44%. Profit after tax was an all time record at \$608 million, up by 35%. Dividends were 145 cents per share, up by 32%.

The group's balance sheet was further enhanced with shareholders' funds growing to \$1.48 billion, up by some 10% and the gross cash position was a healthy \$687 million.

Return on equity was 41% and averaged 43% over the year compared with 37% in the previous year.

I would like to turn to the group's operations. The Asia Pacific operations contributed \$530 million of profit before tax, that is an increase of 3% and from a revenue of 12.4 billion in the 2008 financial year.

Work in hand was up 31% to \$22.8 billion, infrastructure was the single largest Australian market component contributing revenue of \$7.6 billion in 2008, up 16%, while work in hand was up 22% to 11.2 billion, also at 30 June last financial year.

Road, water and rail projects remained the major source of infrastructure revenue and a good source of new work. Major infrastructure projects awarded included the \$1 billion Sydney desalination project, the \$625 million Sugarloaf water pipeline project in Victoria, the \$552 million Ipswich motorway upgrade in Brisbane and the \$490 million Ballina by-pass in New South Wales.

Since the end of the financial year, Thiess John Holland has been awarded the \$4 billion airport link project in Brisbane, which includes 6.7 kilometres of a multilane toll road.

New resource related contracts include the Tarong, Sonoma and Lake Vermont coal mines in Queensland and significant extensions were also awarded at the Yandi and Area C iron ore mines in Western Australia. The South Walker Creek coal mine in Queensland and the Challenger gold mine in South Australia.

In Australia new property construction work included a \$336 million office tower in Brisbane and a number of defence related projects.

The group's Asian operations and in the Gulf region reported an improved profit before tax of \$346 million in the year to June 30 2008. That is up some \$65 million from the previous period from a revenue of \$2.2 billion.

A major highlight of the year, which I discussed at last year's AGM, was the acquisition of a 45% stake in Al Habtoor Engineering, one of the leading construction contractors in the Gulf region.

The investment which provided a substantial boost to our presence in the region is going very well and the business is performing ahead of the acquisition plan for both profit and work in hand.

The result included a gain in sale of the group's Gulf Leighton operations into Al Habtoor Engineering which offset write-downs in Australian investments in the Connector Motorways, the River City motorway, Connect East and JF Infrastructure.

Work in hand in the Gulf and Asia was up by 107% to 7.5 billion as at 30 June 2008, most of that coming from the Gulf region.

Major new infrastructure projects included an \$812 million offshore pipeline project in India and the \$609 million Saadiyat Island Highway in Abu Dhabi, which was awarded to Al Habtoor Leighton Group.

A major extension was awarded to Leighton International at the MSJ coalmine in Indonesia and Thiess was awarded the group's major resources project in India worth over \$1 billion over a 20 year period and that project is to develop mine infrastructure and also to operate an open cut coal mine.

Major new property related work for the Al Habtoor Leighton Group in the Gulf included a number of new projects in Qatar in Abu Dhabi, such as the \$344 million Paris Sorbonne University and in Dubai, such as the new \$826 million Trump Tower project.

If I could now comment on dividends, returns to shareholders and wealth creation, which of course is a very interesting topic given the recent financial turmoil.

At Leightons we measure return to shareholders using total shareholder return, which we call TSR, and this is composed of the dividends we pay and share price appreciation.

Direct is increased to the final dividend to 85 cents per share, which was a 31% increase over the prior periods 65 cents per share. This dividend was paid fully franked and paid to shareholders on 30 September 2008.

When we add to that the 50% franked interim dividend of 60 cents per share, which was paid on 31 March of this year, the total dividend for the year rose by 32% to 145 cents per share.

This dividend resulted in a payout ratio of 66%, which is in line with the board's policy to pay out between 60 and 70% of profits as dividends. This year's total shareholder return to the June 30 2008 financial year was 27% and over a ten year period our TSR has averaged 32% per annum. This means that \$1,000 invested in your company ten years ago would be worth \$16,059 today.

This year we reported a return on shareholders' funds of 41% placing us 9th in the top 100 largest Australian listed companies. This sort of return on shareholders' funds places us in the very top league of contractors anywhere in the world and are results that shareholders should be very pleased with.

I recognise however, that the company's share price has substantially declined in recent months and I understand that this is very disappointing to shareholders. I assure you that I share your concern. I do, however, believe that the current price does not reflect our strengths and outlook and I trust that the market will correct in the near future and more accurately reflect the true value of our businesses.

The company has always tried to be at the forefront of corporate governance. We published the first statement of corporate governance practices in our 2003 Annual Report. This year we have decided to adopt ahead of time the ASX Corporate Governance Council's revised version of the ASX Governance Principles.

The Council recognises that corporate governance is the framework for rules, relationships, systems and processes within and by which authority is exercised and controlled in corporations. It encompasses the mechanisms by which companies and those in control are held to account. It influences how the objectives of the company are set and how they are achieved, how risk is monitored and assessed and how performance is optimised.

There is no single model of good corporate governance. Corporate governance practices will evolve in light of the changing circumstances of a company and they must be tailored to meet those circumstances.

This year's corporate governance report outlines Leighton's main corporate governance practices under the eight core principles of the Council and we report against the Council's recommendations.

The report is available in full on the company's website at [www.leightons.com.au](http://www.leightons.com.au) .

Central to corporate governance are the directors of your company and this year again we have seen some changes to the Board. On behalf of the Board I would like to thank Dr Hans-Peter Keitel for his valuable contribution to the company over the last 15 years.

Dr Keitel resigned having become a non executive since 1992 and serving with distinction as deputy chairman from November 1998 until May 2007.

The Board is pleased to announce that Dr Keitel's position on the board has been filled by Dr Hans-Peter Keitel, who is CFO of Hochtief AG and a member of that company's executive board.

I also note that Mr Martin Albrecht retires as a director at the conclusion of this meeting after seven years of service. Martin has a total of 32 years of service within the Leighton Group, serving as managing director of Thiess for 15 of those years. We thank him for his great contribution over many years.

I would also like to thank my colleagues on the Board for their counsel, support and contribution during the year. The Board remains keenly focused in ensuring that we have the right management team in place, a team that is well equipped to head your company into the future.

We have been active this year in terms of succession planning and have a very strong executive team in place.

Leighton Asia has been restructured and I am pleased to note that Mr Hamish Tyrwhitt has assumed the role of Managing Director from 1 January this year. This follows the decision by Mr Joe Dujmovic to step down for health and personal reasons. Hamish has 25 years of industry experience, more than 20 of those years working with the Leighton Group and I sincerely congratulate him on his appointment. The Group has a depth of management that is unparalleled in the Australian contracting market and it is the envy of many of our international peers.

We have around 40,000 direct employees and those employees are the strength of this company. Your company's excellent financial results are again a credit to the company's management and to our hard working employees.

The Board has confidence that the Leighton Group's inimitable culture, which is deeply embedded and that has there a formidable team of people in place to continue driving the group forward, which leads me to our people, without doubt the company's greatest asset.

As a contractor, the Leighton Group's business is all about people. Anyone with adequate capital can buy an excavator, a tunnel boring machine or a crane, but that doesn't mean that you are guaranteed a return from that equipment. It is the driver, the supervisor, the project manager, the executive, all acting in concert that generates the returns.

We believe in rewarding the performance of our people and in keeping with that belief and recognition of their contribution, the Board has again approved a free issue of \$1,000 worth of Leighton shares to employees of the group with more than three years' service.

It is intended that these shares will be bought on market and therefore the issue will not have a dilutionary impact on existing shareholders.

Ladies and gentlemen, at Leighton, because we value our people we deeply care about their welfare. Overall, I believe the Leighton Group does an excellent job at managing safety. Our performance measures have improved significantly over time. However, the Board deeply regrets to report that six workplace-related fatalities have occurred on the Group operating company's projects or joint ventures over the last year.

Five of those fatalities were in our international operations and one was in Australia. Every incident has been thoroughly investigated and the incident reported to the Board of Leighton Holdings. In each case the relevant operating companies have endeavoured to understand the causes of the incident, they have reviewed their processes and procedures and they have, to ensure that they have in place occupational health and safety policies that seek to eliminate the risk of future incidents.

Each operating company reports on a quarterly basis to the Ethics and Compliance Committee of Leighton Holdings on their policies, systems, processes and safety outcomes. The operating companies are also expected to demonstrate continuous improvement through a cycle of performance review, audit and operational change.

There is evidence that these processes and protocols are having a positive impact on safety outcomes, with a group wide injury severity rate improving by 16% during the last year.

I can assure shareholders and all of our people that this Board remains absolutely committed to achieving best practice standards in health and safety within group company operations.

Let me now turn to the outlook and to our current position.

The last year and particularly the recent months have been a most extraordinary period. Share markets have collapsed, iconic firms have failed or been taken over, banks have been semi-nationalised, credit has dried up and governments are fighting to restore confidence.

Despite all these events, the Leighton Group's underlying position remains sound. In September we successfully completed our \$700 million entitlement offer and I thank shareholders for their support in participating in the one for fourteen offer.

Those funds will primarily be invested in plant and equipment to go to the Group's contract mining activities.

We also completed a US\$280 million private debt placement. We have successfully finalised increases in our working capital facilities and we've increased our bonding. All of these measures substantially boosted our already strong financial position. As such I believe the company is extremely well placed to weather any more financial turmoil should it occur.

Even though there is considerable uncertainty in the stock and credit markets, the financial year has started well. Operating revenue for the first quarter to 30 September of this year was \$4.1 billion, up 32%.

Work in hand at 30 September stood at \$35.3 billion, up 17% since June. Our core operating businesses remain strong and the group has generated an operating profit after tax, these figures are unaudited, of \$105 million. And that is an increase of 7% on the prior first quarter of last year.

The first quarter results have been negatively impacted by the deterioration in listed asset values. We also expect the profit result for the 2008/2009 half year to be similar to the previous period, and that is after taking into account current asset pricing.

However, we still expect an increase in revenue for the financial year ended June 2009 of around 15% and an increase in after tax profit for the 2009 financial year of 15%.

The net results are, of course, subject to the vagaries of the market and the impact that that could have on asset values. The current market does not appreciate the strength of our forward order book and our own positive outlook. Whilst it is beyond our control, I do hope that the markets will begin to correct in the near future and that our share price will properly reflect the strong fundamentals of the group's businesses.

Ladies and gentlemen, the group's longer-term outlook is positive based on a record level of work in hand, a strong position in the core markets, continued growth in those core markets and the implementation of a range of strategic initiatives to underpin long-term growth.

Whilst we expect there will be some short-term impacts from the recent credit crunch, the fundamentals of the Leighton Group remain very sound.

Infrastructure investment is forecast to stay at historically high levels, fuelled by existing funding commitments from the Federal and State governments. Spending on transport and water projects in the capital cities and on a number of major hospitals will provide a solid base for increased activity levels.

We anticipate spending will be boosted by the bringing forward of many national infrastructure projects by the Federal government.

The resources market is expected to remain strong for the group driven by international demand for iron ore and coal, particularly from China and from the rest of Asia, which is urbanising and industrialising at an unprecedented rate.

Export volumes are likely to continue to expand and increased work in hand from new work awarded to the group over the last 12 months should see contract mining revenue grow.

Property fundamentals remain sound, however, credit tightening is having an effect on investor confidence and activity levels are therefore expected to be slow in 2009.

The group's Asian market should continue to grow. Fuelled by oil and natural gas revenues, the Gulf is enjoying a construction boom which should continue to offer Al Habtoor Leighton numerous opportunities.

We expect that there will be some cooling in the Dubai property market, but the region still offers significant work. Indonesia's wealth of resources and proximity to Asia make it a natural supplier to Asia and this supports the group's outlook for contract mining.

In India, both Leighton International and Thiess have substantially increased their workloads, which positions the group well in the coming years.

Hong Kong and Macau have a reasonable level of work, but expect to see more infrastructure and building investment over the next few years.

We are confident that 2009 will be another exciting year for the group. Whilst it will be a more difficult environment that we operate in, we have the fundamentals in place both domestically and internationally and we are well poised for that growth in 2009 and beyond.

We have got the strategy, the structure, the financial resources and the people in place to facilitate the continued growth of your company.

In closing this address I would like to again thank all of our shareholders for their continued support during the 2007/2008 financial year. It has been an excellent year in terms of the company's financial results, a year that shareholders can be very proud of.

I would now like to hand over to the group's chief executive, Mr Wal King who will discuss some of the group's strategic initiatives. Wal?

*Speaker Wal King:*

Good morning everyone and thank you Chairman. Today I would like to discuss how we are navigating our way through these turbulent times, but before I do that I would put a little video on from our managing directors to explain how their businesses have performed over the year.

[Video played]

*Speaker Wal King:*

In the Chairman's address he described how we are travelling through a most extraordinary period. We are indeed travelling through turbulent times. But we've been through many turbulent times before and each time we've come through stronger than before.

We need to recognise where we are and keep a balanced perspective on the future. Undoubtedly there's a new reality and as the old saying goes, you shouldn't be too heavily influenced by recent events but on the other hand if you bought a share 12 months ago for \$10 say and it's only worth \$1 today, it's difficult not to be influenced by that reality that we're in today.

Our core businesses are performing well. Operationally we're in solid shape but like most companies at the moment we do have issues with asset values. Largely these values are beyond our control and we have to ride out the market.

Today I want to discuss for shareholders the strength of our businesses. In doing that, I will talk about and set out the foundations or the cornerstones of the Leighton Group, describe the turbulent times that we're in and provide some context to the position. And explain why I believe the Leighton Group will continue to be successful in the future.

The Leighton Group is built on a great set of foundations. Those foundations include our diversity, our financial strength, the capability of our people and our record order book.

We have great diversity by markets, by brands, by geography and by delivery system. Our markets include infrastructure, resources and property and we operate right across these markets, offering construction, mining and operations and maintenance services.

We can build a tollway, then we can operate it for 50 years or we can develop a mines infrastructure then completely run the mine for its life or we can develop an office tower securing the land, finding a tenant and packaging it up for sale. We operate right across the whole spectrum of these markets.

We have geographic diversity with a spread of operations across Australia, New Zealand, East and Southeast Asia, the Indian Subcontinent and the Gulf. This is a major part of the world which has grown very rapidly in the past and even though there are slowdowns, will again grow in the future.

For the first time in history, over half the world's population is simultaneously experiencing economic growth. Prior to about 1700 Asia represented half of the world's economy. In other 30 years, it will again represent around half of the world's economy and the Leighton Group is leveraged to the Asian growth both directly and indirectly.

We have strong brands and you would have gained a sense of that from the Managing Directors' videos. These are brands that are well recognised in the marketplace and each of our companies are diversified, operating across various markets and geographies.

We also have delivery system diversity. This is one way we can price and manage risk on projects. We project manage. We work in alliances. We carried out fixed price contracts. Some clients want a contract that will take on risk. We accept that risk then endeavour to manage the risk.

Different delivery methods earn various returns and we aim to price all of our projects to get a fair rate of return that recognises risk.

This is an interesting – this is our first job up in Mongolia, a very interesting and challenging environment I understand from Hamish and I'll go up next year and have a look at the job. I understand from Hamish the temperature goes from plus 40 to minus 50 degrees Celsius and I'm also told that the Leighton 'L' there is computer enhanced. It's not actually on the...

[Laughing]

...on the job. I'll check it out when I go up.

Our diversity provides opportunity for growth. In the last year we have significantly expanded our presence in the Gulf Region and as I said we won the Mongolian contract which is a small contract but it is on a coal deposit that has 7.6 billion tonnes of proven reserves right alongside China.

We're also exploring mining opportunities in Siberia. These resource related opportunities are right next door to China and aimed at meeting the demand coming from China.

Diversity also moderates the effects of a downturn in any one part of the business. We are not focused on any single market and therefore subject to its ups and downs. Our diversity will be increasingly important over the next year or two as the property markets slow in Australia.

Diversity gives us growth opportunities to offset any downturn. Another cornerstone or foundation stone is our financial strengths. I've seen too many contractors over the years get into trouble because they're not financially strong and our group is financially strong and that's where we need to be.

We have a strong balance sheet that allows us to invest in the best plant and equipment and to put up bonding for projects and to provide working capital. Ultimately, a strong balance sheet is a source of competitive advantage and with our active capital planning program we always look to ensure that we have our financial resources in place before we need them.

This year has been no exception. In the last six months we bolstered our balance sheet with a \$700 million entitlement offer. We have increased our bonding capacity to over \$3.6 billion, we've put in place \$600 million of new working capital facilities and have increased our operating lease facilities.

We have raised US\$280 million through a US private placement which replaces some of our Australian borrowings. These measures are part of our capital planning that aims to ensure that we have the right financial resources in place to take us through the next few years.

As I said, we want to be a conservative company that can grow in the future. Moving to our people, we have excellent people. Our management team and our 40,000 employees are dedicated entrepreneurial and hardworking. Our people are also extremely technically competent and I would say they are the best in the industry in construction, mining and project management.

Leighton people are experienced, having successfully completed some of the largest and most iconic projects in the Australian region. Our people are also driven by a strong set of values and have a great culture, a culture that is commercially driven and competitive.

These are the values that bind us together, an essential ingredient in building on our foundations and I would like to take the opportunity to thank all of our people in all parts of the world for their efforts over the last year. They are the strength of our company and our greatest asset.

We have a record order book and that's what I mean by keeping the perspective on where we are in this ever changing world. As of 30th of September work in hand stood at \$35.3 billion with the highlight being the award to Thiess John Holland of the \$4 billion Airport Link Project in Brisbane.

Other new projects awarded during the quarter include:

- the \$260 million contract extension at the Curragh North coal mine in Queensland awarded to Thiess;
- \$125 million construction contract in Western Australia at the Worsley aluminium refinery and \$136 million refinery expansion at Gladstone both awarded to John Holland;
- a \$287 million marine related contract awarded to John Holland at Abbott Point Terminal in Queensland;
- a \$240 million contract to strengthen Melbourne's Westgate Bridge awarded to John Holland;
- a NZ\$250 million road maintenance contract in Auckland, New Zealand awarded to Leighton Contractors.

Overseas, new projects included:

- our first mining contract in Mongolia;
- \$135 million contract awarded to Leighton Asia for the redevelopment of a major theme park in Hong Kong;
- a AED2.25 billion contract to build the Al Bustan mixed-use development in Abu Dhabi;
- a AED6.4 million contract for the construction of the Tameer Towers mixed development in Abu Dhabi, the one that's on the screen there (some 80 storeys – an iconic building).

All of those awarded to Al Habtoor Leighton.

Moving onto October – we've skipped forward a slide here for some reason. During October the Group was awarded a further \$2.4 billion of work including the \$721 million contract to design and construct the Royal North Shore Hospital in Sydney which includes a facilities management contract worth \$400 million over 28 years.

It has been awarded to Thiess but I tell you, the consolation prize is right across the road from my office so I'll be walking around there every lunchtime to soon provide David with a list of faults.

A five year \$1 billion contract for the development of and operation of two coal mines in Indonesia awarded to Thiess and this was all in October.

A \$105 million contract to construct a new coal export terminal in Newcastle, also awarded to Thiess.

In addition, Leighton Contractors is preferred on a number of significant civil and mining contracts valued at more than \$2.5 billion, which is expected to be awarded over the next coming months. And in the Middle-East we're in a preferred position for something like \$1-2 billion worth of projects that will be awarded to Al Habtoor Leighton.

I'd also like to mention that on the weekend Thiess was announced as the winner of the Excellence in Construction Award for the Westmead Hospital redevelopment in Sydney, which was completed some two months ahead of schedule in April this year. Our record workbook provides the group with substantial momentum. This momentum and visibility will give us the ability to underwrite performance in the next year or so. I firmly believe these key elements of diversity, financial strength, our people, our work in hand are the solid foundations for this company. They are indeed very, very solid foundations, which will enable us to navigate our way through these turbulent times.

Now turning to the environment. The world has changed markedly over the last year, and even more so over the last few months. The greatest bull market in history has come to a shuddering halt. The All Ordinaries Index has come down 46% from its high a year ago. \$600 billion worth of value has been wiped off the stockmarkets in Australia and more than \$20 trillion globally, something like 20% of the world's wealth.

This is an interesting slide. It's the world stockmarket performance over eight years. In those stockmarkets the Australian index was the only one in positive territory and if you look at – this was from the year 2000 – if you look at particularly the Japanese index, 45% down over eight years. The party has ended, a party fuelled by cheap money and easy credit, and like many parties, this one is going to leave a big hangover. We now have banks rationing their limited capital or being very cautious to lend. This sort of

loss of confidence has happened before, and I dare say it will happen again in the future.

Over my 40 year career at Leighton's I've seen a number of economic downturns. They each have different causes. For 1974 it was inflation and the oil spike. In the late 80's it was the recession we had to have and in 1997 it was the Asian financial crisis. Whilst the consequences of the financial position will be severe, I do not believe Australia will go into recession. Importantly, we must recognise the impact of these turbulent times and our management is responding to the changes to navigate our way through the environment.

The turbulence is playing out in different ways. There's an erratic Australian dollar. Its erratic movements creates positives and negatives. Our US dollar denominated profits are worth more, however, we get cost increases flowing into our jobs as well. We also see changes in our markets, and there is no doubt that the Australian property market will slow for a period, but this will also create opportunities as we see failures both in the property market in construction companies, and virtually every week you read of some failure. And of course we see varying forecasts in some of our markets.

Here's the world stockmarket performance this year. No one is sure how much China might slow, and that creates some short term uncertainty in the minds of some of our clients. Navigating through these turbulent times will require planning, discipline and more important flexibility and dedication. And of course knowing where you are and being prepared is critical. There's an old Irish saying that says if you don't know where you are, any road will take you there.

Contrary to all of the gloom and doom in the media and many media commentators I think these days treat it as sport, the share price fallout etc, the world is not going to come to an end. I'm an optimist and we will come through this slowdown as we have come through other slowdowns, in a much stronger position and that's due to our foundations. I remain very confident about the longer term outlook for Australia and Leighton for a number of reasons. Firstly, the Australian economy is in strong great shape compared to the rest of the world. We have budget surpluses, our banking system is robust, we undertook a number of major structural reforms over the last 25 years to internationalise and open the economy, and we are saving for our retirement through compulsory superannuation. We have relatively high interest rates, which can be cut to stimulate the economy and we have a much more diversified economy than in any point in our history. While the economy's in good shape that doesn't mean we can rest on our laurels. We need to keep investing and reforming to ensure that we maintain our productivity capacity.

Secondly, we're a young nation – well, except me maybe – and a growing population. The world is growing at a population growth rate of 1.3%, Australia is growing at 1.5%

population growth. This means we have more working age people able to participate in the workforce, and we have migrants coming into the country to fill skill shortages. Contrast this to the ageing workforce and declining birth rates in Japan and most of Europe.

Thirdly, we have a wealth of natural resources. We have coal, iron ore, uranium, natural gas, gold, nickel and a wealth of other minerals, all of which are in demand by our trading partners, and the Leighton Group is very happy to meet their demands. And of course, we have a stable government and a reliable industrial relations framework which supports our position as an exporter of resources.

And a fourth point. This is an interesting graph here that shows as of March this year, just in the engineering construction arena alone, there is some \$179 billion of engineering work to be done in Australia. Fourthly, the governments are going to continue to invest in infrastructure in Australia. Our productive capacity as a nation depends on it, and we're a growing population and our standard of living requires additional investment in infrastructure. The country has under-invested for many years, and we're now seeing a commitment to long term planning and investment in infrastructure. The Leighton Group welcomes these initiatives by Infrastructure Australia, and look forward to helping deliver the country's infrastructure needs.

And fifthly, we are located on the cusp of Asia, which I said is going to continue to grow in the period ahead. In China, we are seeing the greatest mass migration in human history. McKenzie Consultants recently forecast that if current trends in China hold, China's urban population will expand from around 570 million in 2005 to almost 930 million by 2025 and pass the 1 billion by 2030. In 20 years Chinese cities will add more than 350 million people, more than the entire population of the United States. By 2025 China will have 219 cities with more than a million inhabitants. Compare with that 35 in Europe and 5 in Australia. And China will have 24 cities with more than 5 million people, so China is going to continue to grow and need resources. So Asia needs Australia's resources and it needs the services we can provide.

As one of the leading project developers and contractors in the region, the Leighton Group is extremely well positioned to help provide those resources and services. So for all of these reasons, I am very confident, very confident about the future of Australia and by extension the future of Leighton. I believe that Leighton is well placed to navigate through the current financial crisis or issues, and will emerge in an even stronger position.

So if I can bring all that together, yes we are in turbulent times, and for many people this is the first time they've seen such times. The world might slow down, but it will continue to grow driven by China and India and other parts of the world. We are in a fortunate position in Australia, and we are very positive about the long term growth. As

for Leighton, we are well placed. We have great strengths as a company. We have great foundations, and the right ingredients for success. We have great diversity, a strong financial position and excellent people with a record order book. These elements combined with good management will help us navigate our way through these turbulent times. When we see clearer water we can expect to steam ahead at full speed again.

Our future is sound. We are a resilient company and we are resilient people in that company. I thank you and I wish you all the best in these challenging times. Thank you very much.

*Speaker David Mortimer:*

Thank you very much Mr King. I now move to resolution 1, that the financial report and the reports of the directors and the auditor for the year ended 30th of June 2008, as submitted to this meeting be received. This item of business provides shareholders with the opportunity to ask questions about the company and about its operations, as well as the conduct of the audit and of the preparation of the content of the financial report and the auditor's report. Mr Steve Gap, representing our auditors, KPMG, is present at the meeting today and will be available to answer any such question. Questions should, however, be initially addressed to me as the chair and I will determine whether the question is appropriate for the auditor, or whether the directors are better positioned to address the issue.

I would remind members that the responsibility for the preparation and content of the financial report is that of the directors and not the auditor. The auditor's responsibility is to conduct an audit for the purpose of providing an independent opinion to the members on the financial reports. I would also remind members that as reported in the concise annual report, an audit committee is in operation and has met with the auditors on four occasions in the past year.

In keeping with the spirit of the Corporations Act, and in view of the fact that the company is required to advise details of proxies to the Australian Securities Exchange and record those details in the minutes of this meeting, I will advise the meeting prior to the vote on each resolution details of valid proxies received for that resolution. Prior to inviting shareholders to speak to the motion, for the purposes of the Privacy Act please be advised that this meeting is being webcast live on the Internet to broadband access to the meeting for other shareholders and interested parties. Also a video recording is being made and it will be available to be viewed on the company's website for a period of at least six months following this meeting.

If you wish to ask a question or comment, please raise your hand showing your voting card. When you have been acknowledged, would you please wait until a microphone is brought to you. I'd also ask that only one question be asked at a time to allow as

many possible questions as we can fit in. Please be brief and identify yourself before asking a question. After there any questions?

*Question: (Dan Steiner, shareholder)*

*I'm a shareholder in this company and today I also represent the Australian Shareholders Association and in that capacity I hold proxies from 390 shareholders for some 980,000 shares. My question to you is first of all I'd like to congratulate the board, the executives on their achievement in 2008. It is another year comprised of a number of records for the company. However, I note that the Chief Executive has commented in a report in September that Leighton's was 90% committed for work in the remainder of the year and the Chief Executive has also pointed out additional contracts since September. Because of this, I'm wondering whether Leighton's is nearing its capacity, both in resources, finance and ability to fulfil the work and whether or not it might be constrained for the remainder of this year in accepting new work that would then extend beyond 2009 to 2010, 2011?*

*Speaker David Mortimer:*

Thank you very much. It's a fair question to ask. The good thing about a growing company is its capacity is also growing. A good thing about a tough economic environment if there's something that falls off in terms of orders, there'll be another one that will pop up. So I think the capacity of the company to handle changes in our order book is very good. One of the features that we've commented on over recent months is our willingness to increase our resources and particular human resources, both here and internationally, and I think with the continued look to increasing our resources, we have a very good capacity to increase our capacity if I can put it that way. So we're reasonably optimistic on the outlook with regard to future capacity.

*Question: (Jack Tilburn, shareholder)*

*I wish to make a comment first and then there's a broad question, broad brush question thank you. I would like to mention that in the audience as a commentary, that we have the previous chairman of two back, Mr Tim Besley, and he's looking extremely fine. I don't know why he retired. It's very nice to have met a Mr David Stewart, I think that was the name, the Managing Director of John Holland, and we would wish him and Mrs Stewart all the very best, particularly with a \$4 billion project in Brisbane.*

*Now Sir, the commentary runs on. My first lot of necessary praise and congratulations is on the very, very and very good big quarterly four report and reporting of quite a large number of 49 pages. It's very nice to see it, it's very nice to read it, and one in seeing and reading it, can comprehend it quite well and all of that was encapsulated by Mr King's very, very good address to us. Now, I'd like to give a good report to an officer of the company, a first class officer, Mr Justin Grogan, who seems to be in charge of the quarterly four reporting and the annual report. And it's the first time in my 30 years, ladies and gentleman at an annual general meeting, well over 450 now I've*

*done, to issue a silver medal – not a gold, there's always room for improvement – a silver medal to the annual report and the quarterly four report. Congratulations Leighton and I'd like to pick out Mr Justin Grogan.*

*Now the broad brushed question has been somewhat captured by Mr Wal King and yourself, Mr David Mortimer. The question is – in introduction – I would like to surround you Mr Chairman, David Mortimer, with what I consider a sober and serious question on we have a very large labour force now, 27,000, up from 17,000, a tremendous growth indeed. And what I would like to be is the payroll officer to look after the payments and salaries and wages of just a mere 27,000 staff and employees. On top of that, you have a large investment of \$860 million, a 45% stake you took over in the Gulf of Arabia, Al Habtoor Engineering Construction Contractors. Now, one of the problems there in this broad brush is that that Gulf region is dependent on petrodollars, but such would not be immune, those at Al Habtoor and us, to the world recession and oil prices dropping like stones in the Gulf of Arabian waters.*

*And just to finish up Sir, in a broad brush. The management of risk in these construction projects and all this is involved in sovereign overseas companies in the Gulf region, not in Australia of course, so it is all to myself very complex and complicated as I'm sure to many other shareholders here today. The risk capital management involvement is very, very difficult and complex. So, overall Sir, can you and Mr Wal King guide us through the Arabian carpet and jigsaw of very big proportions, which both of you have reported upon, but which I find to be a little bit dicey and doubtful today. Thank you.*

*Speaker David Mortimer:*

Thank you very much Mr Tilburn. Firstly, I appreciate the comments you've made about the company's reporting and about the company. That's wonderful to have the efforts of our executives and management team acknowledged. In terms of the Middle-East, a lot of our investment is essentially in the Emirate States, which has a record of great stability. In terms of risk management, we apply the same techniques of risk management to those projects as we do to the greater Leighton Group, no matter where it is and we're confident in using those techniques, that we have a good grip on all of the issues that come before us.

There is some changes taking place, as both myself and Wal commented on and particularly in Dubai, and there could be a little bit of softening appearing in that particular market. But there also is a tremendous wealth of other opportunities raising their head at the same time. We will approach all of those opportunities with the same diligence as we approach any of our contracts anywhere in the world. Wal, do you want to add anything to that?

*Speaker Wal King:*

Yeah, thanks for that interesting question Jack. I think some of the points that you raise there probably also relate to the previous question about how we organise ourselves, and I'm a great believer in what I call the span of control. The span of control is in organisational units and how you bring that together, and of course the military have been very good at that in some cases of how they organise themselves with their various armies and battalions and units.

So in our case, it's companies. So we organise around companies. We organise around geographic areas, and we limit the span of control. Now, a guy like you Jack can look after many things at one point in time, I'm very much simpler, I only look after a few things at one point in time. So we have in the Middle-East our organisation that is structured around Al Habtoor Leighton. Al Habtoor Leighton have a board, there's a number of executives here on that particular board and Al Habtoor Leighton then break themselves into a number of operating units. And in each of those operating units, there is a responsible person who is held accountable. In our organisation, we believe in having extremely clear lines of accountability. There should be not a shadow of doubt who's responsible. You can't have two pilots flying the plane at one point in time.

So when you get to the Middle-East, the Middle-East is variable. We are in Qatar. Qatar has at the current rates of supply of natural gas 200 years of natural gas, so they're the biggest world producer or about to become the biggest world producer of gas, enormous amounts of money. Abu Dhabi in the Emirates, equally has huge amounts of money. Most of the commentary that is written around the Middle-East and the glitz and glamour relates to Dubai, and there is no doubt that there will be softening in the Dubai market. But over the medium term, the Middle-East has a staggering amount of wealth and you will see those countries continue to invest around the world with their sovereign wealth funds. But since 9/11 there's been a big change of attitude. The Middle-East countries want to invest in their own countries, so I think you'll see a dual approach that they will continue to invest and buy up Citibank and other places around the world, but an enormous amount of money will go in.

The Middle-East and particularly Abu Dhabi has some – not Abu Dhabi – Dubai has some question marks about it in the short term, but they're not Robinson Crusoe. I think the rest of the world and the US and Europe have also question markets. We're confident that we can again to use that accretion, navigate our way through there. The longer term issues is where Al Habtoor Leighton goes and eventually it will float, and we will maintain a major position in that country. In it itself, that company, has many more people. It has like 40 or 50,000 people working for it, so it's a huge undertaking but we are the biggest contractor in the Middle-East and it is a successful part of our business, and will continue to be a successful part of our business. So I hope that answers your interesting question Jack.

*Question: (William Bell, shareholder)*

*I've been a shareholder for many years. Two years ago I got up at this meeting and I asked would the board consider making a donation to the Royal Flying Doctor Service, and again I repeated that last year. The main reason is we seem to be a company that's doing very well, we've got many employees spread throughout this country, and if anything goes wrong, they will rely on that service. Can you tell me what's happening with that request?*

*Speaker David Mortimer:*

You'll be pleased to know that we have undertaken to give the Royal Flying Doctor Service a donation, and that's a five year programme, \$20,000 a year. We listen to our shareholders.

*Question: (William Bell, shareholder)*

*Thank you very much chairman, and I'd like to congratulate and thank the board.*

*Question: (John Clancy, shareholder)*

*Wally King is getting a \$3 million termination bonus when he finishes up next year...*

*Speaker David Mortimer:*

I'm sorry?

*Question: (John Clancy, shareholder)*

*Is he getting a \$3 million termination bonus when you appoint a successor when you finish up?*

*Speaker David Mortimer:*

No he's not. There's a number of arrangements associated with his bonus and when he retires. That's all set out in the annual report. He does get a transition bonus subject to a satisfactory successor being appointed of \$5 million.

*Question: (John Clancy, shareholder)*

*Yeah, well you spoke in public about rogue contractors in the industry and you were making some big claims about corporate governance and that here a while back. Have you done anything about dobbing in the rogue contractors in the industries? You had your own employees in court and they were fined thousands of dollars earlier this year, so what are you doing about the rogue contractors?*

*Speaker David Mortimer:*

I'm not quite sure I understand your question.

*Question: (John Clancy, shareholder)*

*Well, his own employees were put through the courts this year and fined thousands of dollars. Now Wally King has complained about rogue contractors in the industry. Is he dobbing in the rogue contractors? If he doesn't dob them in he's protecting them isn't he, so are you dobbing in the rogue contractors?*

*Speaker David Mortimer:*

I think we work very constructively with all our road contractors, that's...

*Question: (John Clancy, shareholder)*

*No, rogue, as in out of control.*

*Speaker David Mortimer:*

Oh rogue, I'm sorry. Well, if anyone's going to look after rogue contractors, it's our Chief Executive. He's got a PhD in it. Wal, do you want to comment on the rogue contractors.

*Question: (John Clancy, shareholder)*

*No, you still don't get it.*

*Speaker David Mortimer:*

No I don't.

*Question: (John Clancy, shareholder)*

*You don't comprehend. Rogue – r-o-g-u-e.*

*Speaker David Mortimer:*

I repeat, we have a man who's an expert at managing rogue contractors, and that's our Chief Executive. Wal, do you want to comment on that?

*Speaker Wal King:*

Thanks for the question. I understand that you're asking why some of our companies employ rogue contractors. I'm not particularly aware. We employ thousands and thousands of sub-contractors, and whilst every effort is made to ensure that our people and the sub-contractors comply to the company's standards, which we have, the vast array of people, someone might slip through the net. Now I don't particularly know if you've got an example in mind of some sub-contractor that we've employed someone, I just don't know. If you've got a case, well outside the meeting please bring it forward and we'll investigate it.

*Question: (Susan Lancaster)*

*I have held a number of shares for a long time, not in my own name, but in company names. I spoke to Martin Albrecht today. This company is actually mainly an—well, it is an engineering company, and I want to see more engineers on the board. I am really pleased that we have Wal King as a director, the CEO of the company. He is an engineer. That's what we need. We need accountants as well, but I'd like to see a greater percentage of engineers on the board. Okay? Because it is an engineering company.*

*Speaker David Mortimer:*

Thank you very much. We'll certainly keep that in mind. Questions?

*Question: (David Crane)*

*I just want to ask if you'd like to make a comment on the second last line of the key statistics on page 48 where there's been a fairly significant change because of the expansion in the Middle East? But just looking at the last five years from 2004 up on the gross borrowings to total equity, for many years it's been hovering around 26, 29, 36 and last year 27%, but this year the borrowings to total equity has gone up to 104%, and I just think perhaps if you'd like to just talk in a little bit more detail about that and how nervous it does or doesn't make us in the current environment?*

*Speaker David Mortimer:*

Thank you very much. You're quite right, it did jump up at the end of last year, and of course that was the reason why the company undertook a rights issue, so there's been since then a \$700 million equity injection which of course brings that balance back more to historical levels. The blow out was the result of a very heavy expansion program in the last financial year with the acquisition of Al Habtoor and acquisitions of holdings in McMahon's and Devine. As I say, past June 30th, that's been brought back into order with the rights issue.

*Question: (Mr Tilburn)*

*Mr David Mortimer, I would like to ask one more question. I don't know what the other question was hammering, but I think it was in parallel with mine now, though I'd like to spit out my question. I was concerned about the gearing ratio of our company. So many other companies, as you mentioned, have gone to the wall, have gone down the toilet because their debts are enormous, tremendous. You pick up the papers and you find a company that's got half a million, \$1 billion, \$2 billion, \$3 billion, \$4 billion in debt, including Packer, and that's no good at all. They go to the wall. They can't repay it. Sir, I understand that our gearing ratio from Mr Scott Charlton, the Chief Financial Officer, is about 26%, though it had been much higher until we got in the \$700 million from a one for 14 share issue. Sir, I was just asking about our gearing ratio; could you commit that it is or confirm that it is now down to quite low 26%, we are in no danger of repaying to the banks? Then what is the company's broad brush to have a gearing*

*ratio? Is it 30, 40 or up to 50, and I know it depends on your capital expenditures.  
Thank you.*

*Speaker David Mortimer:*

Thank you, Mr Tilburn. Yes, the gearing ratio has, as I've just explained, come down quite considerably since June 30, and as I indicated in the Chairman's address, there's been a refinancing program completed by our Chief Financial Officer, Scott Charlton, to make sure that we're in good shape going forward with the extension of our debt maturity profile out, and I don't think there's anything maturing until 2011. I'll ask Scott Charlton, our Chief Financial Officer, to make a comment, if you wouldn't mind, Scott.

*Speaker Scott Charlton:*

The gearing, as the Chairman said, was high in June because of the acquisition program we went on which has been adjusted, and our gearing now is around that 26 to 27%. That will increase to June 2009 probably in the order of 40, 45%, but that's on our capital expansion program that we flagged with the rights issue which is in the prospectus to increase our mining business. So that's sort of level in the 40 to under 50; it's sort of where we feel comfortable with our mix of businesses. As the Chairman said, I think most importantly, as I think our average maturity is now over 3½ years, so we've got no re-financings to do in the next two years, at least.

*Speaker David Mortimer:*

Thanks, Scott. Any other questions?

*Question: (Barbara Martin)*

*Thank you very much. I'm very happy to be a small shareholder with Leighton, and I do think Mr King is to be congratulated. Since I've been here, you've done very well for me, and my superannuation as well as my personal contents. But I was interested, that very large shareholder, the German, are they still happy to hold their shares with Leighton? That was my question.*

*Speaker David Mortimer:*

Firstly, I think we all agree with you in your comment about our Chief Executive. He's got an absolutely an enviable record of achievement with the company, and that's again spelt out in the statistics which are contained in the Annual Report. In terms of Hochtief, Hochtief has been a shareholder of the company for 25 years. They've just recently shown their commitment to the company by supporting the one for 14 rights issue and took up their full entitlement, so I think it's fair to say that they're a happy shareholder, just like yourself, enjoying the benefits of success. Dr Noé, do you want to add any comment to that?

*Speaker Peter Noé:*

*No. I can only confirm what the Chairman just said: we are really a very happy shareholder. We are very happy with the management, and we support Leighton in any respect and hope that we will have together a good future.*

*Speaker David Mortimer:*

Okay.

*Question: (Julie Matthews, Shareholder)*

*Thank you very much, Mr Chairman. Could you provide guidance, please, for next year's dividend, and if the slowdown is more severe than you've pointed out, would you consider a higher payout ratio than 66% as you had last year?*

*Speaker David Mortimer:*

We actually will probably stick to our payout ratio. Obviously that's a matter for the board to decide at the time, depending on results. But as we outlined today, we expect a reasonably satisfactory year with 15% growth in net profit after tax, subject of course to the vagaries of the market. One could look forward to getting a dividend somewhere between the 60 and 70% in accordance with our policy. If we make more money, presumably the dividend will go up. Thank you; are there any other questions?

Well, thank you very much, ladies and gentlemen. If there are no further questions, I will now put the motion to the meeting. The motion is: that the financial report and the reports of the Directors and of the Auditor for the year ended 30th June 2008 be received. The total of valid proxies received for resolution one is 215.3 million, being 209.9 million for the resolution, 48,000 against the resolution, and 2 million are to be voted at the proxies' discretion. Some 3.3 million have abstained. Will those in favour raise your hand showing your voting cards? Those against? I declare the motion carried.

The next resolution is the adoption of the Remuneration Report for the year ended 30th June 2008. The Remuneration Report is set out on pages 36 to 47 of the 2008 Concise Annual Report. Before the meeting considers the Remuneration Report, I would like to make a few comments about remuneration in both the construction industry generally and in the Leighton group. The difference between success and mediocre performance, or failure in the construction industry, is not dependent on the physical assets of the business but on the management team and on the quality of the people at every level of the group, on every job we undertake. You will have seen in recent years how few successful companies there are in our industry, both in Australia and internationally. Leighton is now one of the largest contractors in the world, and is performing strongly achieving a total shareholder return as I have said of 27% in the last year. That compares to the ASX average for the top 100 of minus 13%.

The construction industry is truly international. Our talented executive and staff are sought by major construction companies in Australia and around the world. Our remuneration and our policies and practices have been consistent over a number of years, and the board believes these have operated effectively to provide appropriate incentives and rewards for senior executives of the group to drive profitability and to drive shareholder value.

The group's executive remuneration framework comprises the following five components which provide a mix of fixed and at-risk remuneration: total fixed remuneration; we have a short term performance incentives which are at risk; we have medium term deferred incentives which are at risk; we have long term incentives which are at risk; and we have retention retirement benefits. As executives gain seniority within the group, the balance of fixed and variable remuneration shifts to a higher proportion of at-risk elements.

The success of our remuneration policies and practices is demonstrated in three key areas: our executives are generally promoted from within; our remuneration policies and practices mean we are able to attract and retain the best people; our current senior executive team has been with the company for an average of more than 19 years. This is not only unusual in the construction industry, but highly unusual in any industry. It means we have a huge bank of experience, and that is one of the most important risk management tools that any company can have, particularly a construction company.

Finally, and most importantly to shareholders, Leighton has delivered significant long term shareholder value, as demonstrated by our total shareholder return of 32% per annum over the last 10 years. The 2008 Remuneration Report details the remuneration policies and practices of the group, the relationship between remuneration and performance of the group, as well as providing details of the remuneration during the year of the group's key management personnel, which includes the non-executive directors, our Executive Director, and the five highest remunerated company executives and relevant group executives.

In line with current governance practices, the non-executive director retirement plan was closed on 1 July this year, and all non-executive directors are now paid under the uniform cash fee structure as detailed in the Remuneration Report. The Remuneration Report has been prepared in accordance with section 300A of the Corporations Act, and our Auditors, KPMG, have audited the report, and they have confirmed its compliance with the act. The Corporations Act requires that a resolution be put to shareholders at the Annual General Meeting to adopt the Remuneration Report for the year ended June 30, 2008. The vote of shareholders on this resolution is advisory only and does not bind the Directors of the company. The resolution two is a non-binding resolution to adopt the remuneration report for the year ended June 30, 2008. This item

provides shareholders with the opportunity to ask questions about and make comments on the remuneration report. Are there any questions regarding this motion?

If there are no questions, ladies and gentlemen, I will now put this...

*Question: (Jack Tilburn)*

*No, thank you Mr David Mortimer.*

*Speaker David Mortimer:*

*I'm sorry, I'm sorry Jack.*

*Question: (Jack Tilburn)*

*I was waiting with great aplomb...*

*Speaker David Mortimer:*

*My apologies.*

*Question: (Jack Tilburn)*

*...in case there was somebody behind me.*

*Ladies and gentlemen the guts of any remuneration report is the table showing what the executives get, followed by what the non-executive Directors get, and having studied the guts of the remuneration report I'd like to say that Mr King is fully entitled to his salary, he's running a triumphant and marvellous company. Then there are reports on nine other executives and they are in the range of money for this type of great world construction company.*

*I am very pleased to see that there aren't any giant jumps in the salaries for the nine executives. There are three men on about \$5 million, \$5 million and \$4 million. Five on \$3 million plus and one new man Mr Tyrwhitt who is just under \$1 million because he's new on the staff.*

*So sir, I think congratulations and a credit and a compliment should be given to the company that is not doing anything today, as Mr Rudd would say so many companies and banks are greedy, this company is not. This company has got very good ethics and morals and the guts of it all is on pages 40 and 41, there are no enormous or tremendous jumps in the salaries. When I was down at a company which I named six years ago as bloody boring Boral and they gave their General Manager, who runs around with a wheelbarrow, a 56% increase in the cash bonus, now that's not on. Naturally of course we all voted the remuneration report down, thank goodness.*

*Now sir, congratulations keep it going, your men are doing a marvellous job and they're fully entitled to their salaries which they are now getting.*

*Speaker David Mortimer:*

Thank you very much Jack I appreciate that.

If there are no further questions I will now put the motion to the meeting and the motion is the remuneration report for the year ended 30th of June 2008 be adopted. The total of added proxies received for resolution two is 215.8 million, being 187.3 million for the resolution, 26 million against the resolution and 2 million to be voted at the proxy's discretion and 485,000 have abstained.

Will those in favour please raise your hands showing your voting cards?

Those against? I declare the motion unanimously carried.

The next two resolutions relate to the election of directors, namely the re-election of Mr Dieter Adamsas, existing non-executive Director, who retires by rotation and who I am sure is well known to shareholders here today and as well as that the election of Dr Burkhard Lohr as a non-executive Director.

Resolution 3.1 is that Mr Dieter Adamsas who retires by rotation in accordance of Clause 18 of the company's constitution be re-elected a Director of the company. Are there any questions regarding this resolution?

*Question: (Jack Tilburn)*

*Mr David Mortimer, Chairman of this great Leighton Holdings Limited company, I have already telegraphed to you that I would like to say a few things for our Directors. There are two Directors who are going. I want to give special attention, as a farewell message, from a rank and file member Jack Tilburn.*

*I'm sure I speak for everybody in the audience our great Dr Hans-Peter Keitel is and has retired after fifteen years on this board, to drive it so very well as a representative of the great German construction company, Hochtief AG. We are very obliged to this man for having the strength and the purpose to maintain 15 years on our board, therefore ladies and gentlemen we should show our appreciation and wake ourselves up by moving a vote of appreciation via acclamation to Dr Hans-Peter Keitel. I ask you to join in. [Applause]*

*Before I get on to 3.1 resolution for Dieter S Adamsas, it is only right and proper that from the rank and file someone, myself, I'm blessed to say retirement blessings to Mr Albrecht. After an enormous 32 years of service to our company. He must be remembered by our rank and file because of his enormous time spent with the company and we salute you sir and we wish you a very, very happy retirement to come.*

*Again ladies and gentlemen, any man should get a vote of appreciation and acclamation after 32 years, thank you ladies and gentlemen [applause].*

*For my very great friend, Dr...I almost did the D for doctor, he should have a doctorate, 3.1 Dieter Adamsas. I have known Dieter for many, many years, what 20 or 30 years? A great man, an accounting man, a financial man, an expert in putting things together to make this company what it is, the greatest perhaps construction company...civil construction company in the world today.*

*Mr Dieter Adamsas started with our company in 1971, he's now had 36 years of service and boy he's given a hell of a lot. So I wish you Dieter Adamsas all the very best for the next three years on our board, to keep driving our company and keeping it as number one. Thank you.*

*Speaker David Mortimer:*

Thank you. Thank you very much Jack [applause]. Did Dieter write that script for you Jack? [Laughter]

I think each of those acknowledgements are very, very well deserved. Thank you for moving them.

Ladies and gentlemen, if there are no further questions I will now put the resolution to the meeting. The table of valid proxies received for resolution 3.1 is 215.3 million, being 205.4 for the resolution, 7.7 million against the resolution, 2 million to voted at the proxy's discretion and 148,000 have abstained.

All those in favour please raise your hands and showing your voting cards.

All those against? I declare the motion carried.

Resolution 3.2 is for the election of Dr Burkhard Lohr. Before the meeting considers this resolution I'm going to call on Dr Lohr to provide the meeting with some details of his background and experience. Burkhard.

*Speaker Burkhard Lohr:*

Thank you Mr Chairman. I'm 45 years old, married and I've got two kids. I'm not an engineer but I studied business administration theory at the University of Cologne and after that I gained my doctorate at the technical University of Brunswick.

Even before I went to University I started working for Hochtief and during my 17 years with this company I have taken over several, mostly operative, management responsibilities. I was appointed as member of the Hochtief executive board at the

beginning of 2006 and as a CFO of the group I'm responsible for accounting, controlling tax, finance and investor relations.

Finally I would like to mention that it is a great honour for me now being a member of the Leighton Board. Thank you.

*Speaker David Mortimer:*

Thank you very much. [applause]. Are there any questions regarding this resolution?

*Question: (Unidentified speaker)*

*Thank you Mr Chairman. I'm sure that we all view Dr Lohr as offering the Board a valuable range of experience and skills. However I'm concerned about his capacity to fully participate in the Board's deliberations and exercising his responsibilities. As the Chief Financial Officer of a major company in Germany – Hochtief – you would have many demands on your time.*

*We have already seen some Directors, even where an alternate is used, having difficulty in attending Board and committee meetings when they are already full-time senior executives.*

*Can you assure shareholders that all Directors, Mr Chairman, will be able to fully carry out the responsibilities to the company and to shareholders?*

*Speaker David Mortimer:*

Thank you very much. Yes I can assure you that that's the case. Whilst they're not always able to be physically there, there is an alternate, Director Mr Bob Seidler who is a very experienced company director and a real valuable contributor to our Board deliberations who stands in for Dr Lohr if he's not able to attend the meetings.

As you can see, Dr Lohr will attend as many meetings as he possibly can and I can assure you outside the meeting he is across all the details of the company by constant communication with the executive team at Leighton's.

Are there any other questions? Ladies and gentlemen if there are no further questions I would now like to put the resolution to the meeting.

The resolution...there is no further questions so I would like to put the resolution to the meeting...I'm sorry.

*Question: (Unidentified speaker)*

*I don't see any female on the Board as a member. You don't accept females to be members of the Board?*

*Speaker David Mortimer:*

Probably not is the short answer [laughter] I'm afraid I can't see them. Is that your question sir?

Right ladies and gentlemen if there are no further questions I will put the resolution to the meeting, I'm sorry I missed that gentlemen.

Resolution 3.2 is for the election of Dr Burkhard Lohr having been appointed as non-executive Director by the Board on the 28th of May this year, retires at this meeting in accordance with Clause 17.2 of the company's constitution. The total of valid proxies received for resolution 3.2 is 215.3 million, being 211.3 million for the resolution, 1.8 million against the resolution, 2.1 million to be voted at the proxy's discretion and 166,000 have abstained.

All those in favour of the resolution please raise your hand showing your voting cards.

Those against? I declare the motion carried.

Ladies and gentlemen as the business of the meeting has concluded I would like to thank you for your attendance here today. I now declare the meeting closed. The ladies and gentlemen of the Board and senior executives would like now to invite you to join them for light refreshments outside the room. Thank you very much.

End of Transcript

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This document has been transcribed from the 2008 Annual General Meeting Webcast. Whilst all care has been taken, the content should not be relied upon for any investor decisions. Refer to the Chairman Address and Chief Executive's Presentation to receive a true and accurate statement of the AGM.