



29 January 2008

**Ashley Moir**  
Company Secretary  
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Company Announcements Office  
Australian Stock Exchange Limited  
Level 4  
20 Bridge Street  
SYDNEY NSW 2000

Dear Sir,

**Re: S&P confirms Leighton's stand alone credit quality but revises rating due to shareholder structure / Moody's Baa1 rating unchanged**

Please find attached a copy of a media release to be issued today by Leighton Holdings Limited and a Press Release issued today by Standard and Poor's.

Yours faithfully  
LEIGHTON HOLDINGS LIMITED

ASHLEY MOIR  
Company Secretary

29 January 2008

**S&P confirms Leighton's stand alone credit quality  
but revises rating due to shareholder structure /  
Moody's Baa1 rating unchanged**

Leighton Holdings Limited (Leighton) is disappointed to advise that Standard & Poor's (S&P) has revised Leighton's credit rating from BBB+ to BBB because of "the weak credit quality of Leighton's unrated German parent Hochtief AG". The rating revision "reflects the potential adverse influence that the parent could have on Leighton's credit quality in the event of significant financial stress at Hochtief."

Leighton's Baa1 rating from Moody's remains unchanged.

S&P's revision to BBB, still an investment rating, understates Leighton's continued sound financial position. Since S&P's last update of June 2007, Leighton's financial performance has further improved in line with its guidance.

As of 31 December 2007, Leighton's total assets had grown to around \$5.7 billion, shareholder's funds have increased to approximately \$1.4 billion and gross cash remains strong at over \$500 million.

S&P note in their Press Release of 29 January 2008 that, "Leighton's standalone credit quality remains unchanged and robust." A copy of this Press Release is attached.

Leighton has enjoyed a BBB+ credit rating from S&P since 1997. This rating from S&P, and Moody's unchanged Baa1 rating, acknowledged Leighton as one of the highest rated pure construction groups globally and provide confidence in our ongoing financial management.

The Group's major markets are continuing to perform strongly, providing numerous opportunities, and a number of strategic initiatives are being pursued that will support further growth in the business. The Group will continue to be in a strong position to access the capital markets as required to achieve its growth objectives.

The Leighton Group's revenue will be over \$14 billion for the 2007/08 year. The directors expect to report a 30% increase in net profit after tax for the year and the 2008 result will not be materially impacted, despite a marginal increase in the Group's funding costs.

(continued...)

The Leighton Board is confident that the relationship with Hochtief will be maintained as in the past, consistent with all existing corporate governance principles and that Leighton will continue as an independently managed, publicly listed Australian company.

ENDS

**Issued by Leighton Holdings Limited** ABN 57 004 482 982 [www.leighton.com.au](http://www.leighton.com.au)

**Further information:**

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MR SCOTT CHARLTON Chief Financial Officer T (02) 9925 6935

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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, Leighton International and Leighton Properties. With over 29,000 employees, the Group's operations are spread all around the Asia-Pacific region on projects in Australia, New Zealand, Hong Kong, Indonesia, Malaysia, Singapore, the Philippines, Thailand, Vietnam, China, Taiwan, Sri Lanka, Macau, India and the Arabian Gulf. Leighton Group companies offer a broad range of project development and contracting services and skills to public and private sector clients across a wide range of industries. Project development skills – infrastructure, property or resources based – and project management of construction and property developments complement the Group's contracting activities. These activities include construction, mining and services. Leighton Holdings (LEI) is listed on the Australian Stock Exchange and has its head office in Sydney.



## Press Release

### **Leighton Holdings Rating Lowered To 'BBB' On Weak Credit Quality Of German Parent; Outlook Stable**

Melbourne, Jan. 29, 2008—Standard & Poor's Ratings Services today said that it had lowered its long-term corporate credit rating on Leighton Holdings Ltd. to 'BBB' from 'BBB+' because of the weak credit quality of Leighton's unrated German parent Hochtief AG. At the same time, the rating on Leighton's A\$200 million convertible unsecured notes were lowered to 'BB+' from 'BBB-'. The outlook is stable. The 'BB' rating on Leighton Finance International Ltd. was unchanged.

"The downgrade reflects the potential adverse influence that the parent could have on Leighton's credit quality in the event of significant financial stress at Hochtief," Standard & Poor's credit analyst Craig Parker said. "Although Standard & Poor's considers that Leighton's standalone credit quality remains unchanged and robust, we have previously noted that Hochtief's increased shareholding in Leighton to about 55%, from 52%, heightened our concern about Hochtief's future influence on Leighton."

Nonetheless, Standard & Poor's notes that it is cognizant of the various measures in place to distance the weaker credit quality of Hochtief from the stronger standalone credit quality of Leighton. We believe that some limited separation of the credit quality between Leighton and Hochtief is justified on the basis that:

- Hochtief has an incentive to maintain the saleable value of its 55% investment in Leighton;
- There are distinct legal frameworks between Australia and Germany;
- Leighton's share-listing on the Australian Stock Exchange (ASX) with a substantial number of minority shareholders adds a layer of external oversight;
- Hochtief currently maintains a minority presence on Leighton's board; and
- Leighton has a commitment to maintain its corporate governance in line with ASX guidelines.

Standard & Poor's expects that Leighton's solid work in hand and growth in future earnings will be sufficient to maintain the robust credit metrics and support the rating. The stable outlook also reflects our belief that the current weaker credit quality of Hochtief can be accommodated at the current rating.

Mr. Parker added: "The ratings on Leighton could be lowered if Hochtief's credit profile weakens, Hochtief's presence or influence on the Leighton board increases, evidence emerges of changes to Leighton's financial policies, or Leighton's financial profile weakens beyond Standard & Poor's expectations. The rating could be raised if the credit quality of Hochtief improves."

#### **About Standard & Poor's**

Standard & Poor's, a division of The McGraw-Hill Companies (NYSE:MHP), is the world's foremost provider of financial market intelligence, including independent credit ratings, indices, risk evaluation, investment research and data. With approximately 8,500 employees, including wholly owned affiliates, located in 21 countries and markets, Standard & Poor's is an essential part of the world's financial infrastructure and has played a leading role for more than 140 years in providing investors with the independent benchmarks they need to feel more confident about their investment and financial decisions. For more information, visit <http://www.standardandpoors.com.au>

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