

Registered Office:
Level 5, 472 Pacific Highway,
St Leonards NSW 2065 Australia
Fax number (02) 9925 6005

Share Registrar:
Computershare Investor Services
Pty Limited
Level 3, 60 Carrington Street
Sydney NSW 2000 Australia
Fax number (03) 9473 2118

Share Registrar's Postal Address:
Share Registry
Computershare Investor Services
Pty Limited
GPO Box 242
Melbourne VIC 8060 Australia

Leighton Holdings Limited

ABN 57 004 482 982

Notice of Annual General Meeting 2006

To: The Shareholders

Notice is hereby given that the Annual General Meeting of Leighton Holdings Limited will be held in the Grand Ballroom, Sydney Four Seasons Hotel, 199 George Street, Sydney, New South Wales, on Thursday 9 November 2006 at 10.00am to transact the following business:

1. Annual Financial Report and Directors' and Auditor's Reports

To receive and consider the Financial Report and Reports of the Directors and Auditor for the year ended 30 June 2006.

2. Remuneration Report

To adopt the Remuneration Report for the year ended 30 June 2006.

3. Election of Directors

- 3.1 A Drescher retires by rotation in accordance with Clause 18 of the Company's Constitution and being eligible offers himself for re-election.
- 3.2 D A Mortimer retires by rotation in accordance with Clause 18 of the Company's Constitution and being eligible offers himself for re-election.
- 3.3 P A Gregg was appointed a Non-executive Director on 4 July 2006. In accordance with Clause 17.2 of the Company's Constitution, P A Gregg holds the office until the conclusion of this meeting and being eligible offers himself for election.

See the accompanying Explanatory Notes for information about the candidates.

4. Leighton Senior Executive Option Plan (Resolution 4)

To consider and if thought fit to pass the following resolution as an ordinary resolution:

'That the executive share scheme to be known as the Leighton Senior Executive Option Plan and governed by the Rules set out in the document tabled at the meeting and signed by the Chairman for the purposes of identification and under which options to acquire fully paid ordinary shares in the Company may be issued from time to time to certain senior executives is approved.'

5. Leighton Management Share Plan (Resolution 5)

To consider and if thought fit pass the following resolution as an ordinary resolution:

'That the executive share scheme to be known as the Leighton Management Share Plan and governed by the Rules set out in the document tabled at the meeting and signed by the Chairman for the purposes of identification and under which fully paid ordinary shares in the Company may be issued or transferred from time to time to certain managers is approved.'

6. Grant of options to W M King (Resolution 6)

To consider and if thought fit pass the following resolution as an ordinary resolution:

'That subject to the passing of Resolution 4 approval is given for the Company to grant to Mr W M King at any time before 9 November 2007 up to 600,000 options under the Leighton Senior Executive Option Plan.'

Proxies

1. A proxy form accompanies this notice. Additional proxy forms will be provided by the Share Registrar on request.

2. A shareholder entitled to attend and vote at the meeting may appoint up to 2 proxies to attend and vote for the shareholder. A shareholder may specify the proportion or number of votes that the proxy may exercise. If a shareholder appoints 2 proxies and does not specify the proportion or number of the shareholder's votes each proxy may exercise, each proxy may exercise half of the votes.

3. A proxy need not be a shareholder of the Company.

4. The proxy form must be signed by the shareholder or the shareholder's attorney. Proxies given by corporations must be executed either in accordance with section 127 of the Corporations Act 2001 or under the hand of a duly authorised officer or attorney.

5. The proxy form and the power of attorney or other authority (if any) under which it is signed (or a certified copy of the power of attorney or authority) must be received at or sent by fax to the Company's Share Registrar, Computershare Investor Services Pty Limited, not later than 48 hours before the time for holding the meeting. See above for the fax number and address of the Share Registrar.

Eligibility to Vote

For the purposes of the meeting, shares will be taken to be held by persons who are registered as members as at 7.00pm on 7 November 2006. Accordingly, transactions registered after that time will be disregarded in determining shareholders entitled to attend and vote at the meeting.

Voting Exclusion

Any votes cast on Resolutions 4, 5, 6 or 7 by an Executive Director of the Company or by an associate of an Executive Director of the Company will be disregarded except where a vote is cast:

- . by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- . by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form to vote as the proxy decides

Notice of Annual General Meeting 2006 continued

7. Grant of options to D S Adams (Resolution 7)

To consider and if thought fit pass the following resolution as an ordinary resolution:

'That subject to the passing of Resolution 4 approval is given for the Company to grant to Mr D S Adams at any time before 9 November 2007 up to 400,000 options under the Leighton Senior Executive Option Plan.'

See the accompanying Explanatory Notes for information concerning Resolutions 4, 5, 6 and 7

By Order of the Board
A.J. Moir, Secretary
Sydney 4 October 2006

Invitation

After the meeting all shareholders are invited to join the Directors for light refreshments.

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Explanatory Notes

Item 1 ANNUAL FINANCIAL REPORT AND DIRECTORS' AND AUDITOR'S REPORTS

Shareholders will have a reasonable opportunity at the meeting to ask questions about or make comments on the Reports and management of the Company.

Shareholders will also have a reasonable opportunity at the meeting to ask questions of the Company's external auditor, KPMG relevant to:

- a) the conduct of the audit;
- b) the preparation and content of the Auditor's Report;
- c) the accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- d) the independence of the auditor in relation to the conduct of the audit.

The Board recommends that shareholders vote in favour of receiving the Annual Financial Report, the Directors' Report and the Auditor's Report.

Item 2 REMUNERATION REPORT

Shareholders will also have a reasonable opportunity at the meeting to ask questions about or make comments on the Remuneration Report. The Remuneration Report sets out the remuneration policy of the Company and reports on the remuneration arrangements in place for Non-Executive Directors, Executive Directors and the Group's senior management. As prescribed by the Corporations Act, the vote on the adoption of the Remuneration Report is advisory only and does not bind the Directors or the Company.

The Board recommends that shareholders vote in favour of the adoption of the Remuneration Report.

Item 3 ELECTION OF DIRECTORS

Resumes of the candidates for election to the office of Director are as follows:

A Drescher, (66) BEc

A graduate in economics from Hamburg University, Germany. An Independent Non-executive Director since 1996. A former Managing Director (1989 - 2002) and Chairman (2002 - 2005) of Columbus Line Australia Limited. A Non-executive Director of Leighton Contractors Pty Limited, Adsteam Marine Limited and Sword Securitisation Limited. Chairman of the 'Young Endeavour Youth Scheme' (RAN). In 1997 Mr Drescher was awarded the 'Cross of the Order of Merit' by the Federal Republic of Germany.

As at 30 June 2006, Mr Drescher was a Director of Adsteam Marine Limited, an ASX listed company of which he has been a Director since 2001. Mr Drescher was formerly a Director of ASX listed company Austal Limited from 1998 to 2004.

D A Mortimer AO, (61) BEc(Hons), FCPA

An Independent Non-executive Director since 1997. Chairman of Australia Post. A Director of Macquarie Infrastructure Investment Management Limited. Former Managing Director and Chief Executive Officer of TNT Limited.

As at 30 June 2006, Mr Mortimer was a Director of the following ASX listed companies: Sigma Pharmaceuticals Limited since 2002; Adsteam Marine Limited since 1997; and Petsec Energy Limited since 1986. He was formerly a Director of ASX listed companies Citect Corporation Limited from 1997 to 2006 and Virgin Blue Holdings Limited from 2003 to 2006.

P A Gregg (51) BEc

Appointed an Independent Non-executive Director on 4 July 2006. Chief Financial Officer and a member of the Board of Directors of Qantas Airways Limited. Chairman of the Singapore-based Jetstar, and its parent company Orangestar. Executive General Manager Strategy for the Qantas group. Formerly Deputy Chief Financial Officer and Group Treasurer at Qantas. Fellow of the Finance and Treasury Association, a Member of the Australian Institute of Company Directors and holds a Bachelor of Economics degree from Queensland University.

The Board recommends that shareholders vote in favour of the resolutions electing the Directors.

Explanatory Notes continued

Resolutions 4 and 5

Establishment of the Leighton Senior Executive Option Plan (Option Plan) and the Leighton Management Share Plan (Share Plan)

Resolutions 4 and 5 seek shareholder approval of two new employee equity plans, the establishment of which the Board recommends to shareholders. Approval is being sought for the purposes of section 260C(4) of the Corporation Act and ASX Listing Rule 7.2 Exception 9(b).

Set out below is a summary of the Rules of each Plan. A copy of the Rules of each Plan is available on the Leighton website at www.leighton.com.au/shareholder_centre or from Leighton's share registry, Computershare Investor Services Pty Limited, by telephoning 1300 850 505 (toll free in Australia).

In developing the Plans the Board and its Remuneration and Nominations Committee have focussed on the need to provide equity-based rewards and retention incentives for selected senior executives and managers of the Group ("Participants") which are directed at increasing shareholder value. In particular the Board's intention is that performance hurdles for options granted to Participants under the Option Plan will provide incentives and rewards which will demand superior company performance in terms of the medium to long term growth of the Company.

Neither the Option Plan Rules nor the Share Plan Rules contain any commitment on the part of the Company to make any offer of options or shares. The terms and timing of all offers to Participants under the Plans will be determined by the Board on the recommendations of its Remuneration and Nominations Committee and in accordance with the Rules of the relevant Plan.

Under the Share Plan and on exercise of options under the Option Plan the Company may issue new shares to selected Participants or arrange the transfer of existing shares to them. However, the number of new shares that may be issued under the Share Plan or on exercise of options under the Option Plan is limited by the rolling 5 year 5% rule summarised below.

If Resolution 4 is passed, the Board's intention is that no further offers of options will be made under the Leighton Executive Share Option Plan which was established in 1998 with shareholder approval and that that option plan will be terminated when all outstanding options under that plan have been exercised or have lapsed.

Option Plan

This Plan allows the Company to offer selected Participants options to acquire fully paid ordinary shares in the Company.

The Option Plan Rules permit the issue of options to the Company's Executive Directors but not to its Non Executive Directors. Under ASX Listing Rules no options may be issued to the Company's Executive Directors without prior shareholder approval.

The options offered to and accepted by a Participant are issued at no cost to a Participant. The options nevertheless will have an exercise price which is payable by the Participant on exercise of the options and which must be not less than the weighted average market price at which the Company's shares are traded on the ASX during the one week period up to and including the date of issue of the options.

The Plan Rules prohibit Participants from creating security interests over their options. In addition, the Company's Securities Trading Policy prohibits executives of the Group from entering into "protection arrangements" (including hedges) with regard to their options or shares acquired on exercise of the options.

The Option Plan Rules require the Board to determine the exercise conditions attaching to each grant of options. This flexibility allows the Board to have regard to market conditions and the business needs of the Group in determining when and to whom options should be offered. The Board has determined that if Resolution 4 is passed, the following performance hurdles and other exercise conditions will apply in the case of options granted prior to 9 November 2007. The exercise conditions including any performance hurdle applying in the case of any options granted in any subsequent period will be disclosed in the Company's Remuneration Report for the relevant financial year.

It is currently envisaged that Participants who acquire options under the Option Plan prior to 9 November 2007 will not be offered further options under that plan within 3 years of the date of grant.

Performance Hurdles and Testing Dates for options granted prior to 9 November 2007: One half of each allocation of options to a Participant (Part A Options) will be subject to a total shareholder return ("TSR") performance hurdle which measures the Company's performance by reference to share price growth and dividends. The other half of each allocation (Part B Options) will be subject to an earnings per share ("EPS") performance hurdle which measures the Company's performance by reference to the growth in its Earnings per Share.

In the case of the Part A Options, if the Company's Percentile Ranking on a Test Date is:

- 75% or greater, 100% of the parcel A options become exercisable;
- 50% or greater but less than 75%, a proportionate percentage between 50% and 100% (on a straight line basis) of the original number of the Parcel A Options become exercisable;
- below 50%, none of the Parcel A Options become exercisable.

A Test Date is 3 years, 3.5 years, 4 years and 4.5 years after the date the options are issued.

The Company's Percentile Ranking on a Test Date is the percentile ranking of the Company's TSR in relation to the TSR's of those companies within the S&P/ASX 100 Index calculated for the test period ending on a Test Date.

In the case of the Part B Options, if the Company achieves in a test period an average compound Earnings per Share growth of:

- 12% per annum or greater, 100% of the Part B Options become exercisable;
- 8% per annum or greater but less than 12% per annum, a proportionate percentage between 20% and 100% (on a straight line basis) of the original number of Part B Options become exercisable;
- less than 8% per annum, none of the Part B Options become exercisable.

Explanatory Notes continued

Other Exercise Conditions for options granted prior to 9 November 2007: No options may be exercised before the third anniversary of their Date of Grant. Not more than 50% of the options may be exercised before the fourth anniversary of their Date of Grant. All unexercised options lapse on the fifth anniversary of their Date of Grant (or six months after that anniversary should the Participant die or suffer total and permanent disability during the six months ending on that anniversary). Options may lapse if either the Participant's employment with the Leighton Group ceases (other than due to a Special Circumstance - includes death, total and permanent disability, normal retirement or redundancy of a Participant) or the Participant is or is liable to be dismissed in certain circumstances. If a Corporate Control Event (includes a change in the control of the Company) occurs before an option otherwise becomes exercisable, the option becomes exercisable irrespective of the exercise conditions. The Company may reduce or waive the Exercise Conditions attaching to the options held by a Participant at any time and in any particular case including due to a Special Circumstance.

Participants do not participate in any new issue of shares unless they have exercised their options after having become entitled to do so. Provision is made in the Plan Rules for the exercise price or the number of shares to issue on exercise of the options (as applicable) to be adjusted if before the options are exercised the Company makes a bonus share issue or a pro rata share issue or reconstructs its issued share capital.

Share Plan

This Plan allows the Company to offer from time to time fully paid ordinary shares in the Company to selected Participants who may acquire the shares at no cost to themselves. The Company's Non-Executive Directors are not eligible to participate in the Share Plan.

In determining whether offers are to be made under the Share Plan for any financial year and the total number of shares to be offered, the Board will have regard to the Group's financial performance in that financial year.

Participants who acquire shares under the Plan are entitled to all dividend and voting rights attaching to the shares. However, Participants are not permitted to sell their shares until they are released from the Plan and for this purpose a Trading Lock will be applied to the shares until their release.

A Participant may apply to have the Participant's shares released from the Plan either after the Vesting Date (that is, the third anniversary of the Participant's acquisition of the shares) or before the Vesting Date if a Special Circumstance occurs with respect to the Participant or a Corporate Control Event occurs provided in either case the shares have not been forfeited. A Participant's shares are automatically released from the Plan on the tenth anniversary of their acquisition by the Participant.

The Plan Rules prohibit Participants from creating security interests over their shares while held in the Plan. In addition, the Company's Securities Trading Policy prohibits executives of the Group from entering into "protection arrangements" (including hedges) with regard to the shares acquired under the plan.

A Participant's shares while held in the Plan may be forfeited if either the Participant's employment within the Leighton Group ceases before the Vesting Date (other than due to a Special Circumstance with respect to the Participant) or the Participant is or is liable to be dismissed in certain circumstances.

Shares acquired by Participants under the Plan may be either new shares issued by the Company or existing shares. The acquisition of the shares by the Participants will be funded by Group Companies.

Common Features of the Share Plan and Option Plan

Each Plan is governed by its Rules. These Rules are subject to the Company's Constitution, the ASX Listing Rules, the Corporations Act and any applicable laws.

Each Plan will be administered by the Plan Committee which is a committee of the Board established for that purpose.

The Plan Committee may at any time amend the Rules of a Plan or waive or modify the application of the Rules in relation to any Participant. An amendment which would adversely affect the rights of Participants in the Share Plan in respect of their shares or the rights of Participants in the Option Plan in respect of their options require the prior written consent of Participants who hold between them not less than 75% of the total number of shares or options, as the case may be, held by those Participants.

Any new shares issued to Participants under the Option Plan on exercise of their options or to Participants under the Share Plan are to be listed on the ASX.

Five Year/Five Percent Limitation: The number of new shares that may be issued under the Share Plan and the number of options that may be issued under the Option Plan are in each case limited. No offer of shares may be made under the Share Plan if the shares the subject of the offer are unissued shares to be issued by the Company, and no offer of options may be made under the Option Plan if the number of shares which would be issued were the options so offered to be exercised, when in either such case aggregated with:

- (a) the number of shares which would be issued were each outstanding offer or invitation or option to acquire shares under the Plan or any other Group employee incentive scheme to be accepted or exercised (as the case may be) including shares that would be issued if (where applicable) the Company could elect to issue unissued shares instead of procuring the transfer of issued shares); and
- (b) the number of shares issued during the previous five years under the Plan or any other Group employee incentive scheme (excluding all shares issued as a result of the exercise of the options to acquire those shares which were granted more than five years before the date of the offer),

would exceed 5% of the total number of issued shares in the Company as at the date of the offer.

Explanatory Notes continued

Resolutions 6 and 7

Grant of options to W M King and D S Adamsas

Approval is sought, subject to the passing of Resolution 4, for the Company to grant to the Company's present two Executive Directors, Mr W M King up to 600,000 options to acquire shares in the Company and Mr D S Adamsas up to 400,000 options to acquire shares in the Company. The options will be granted under the Option Plan and may be granted at any time before 9 November 2007.

Please refer to the above Explanatory Notes regarding the Option Plan (Resolution 4) and in particular the terms and conditions on which options granted under the Option Plan are issued.

Under the ASX Listing Rule 10.14 the issue of the options to the Executive Directors requires the approval of the Company's shareholders.

The Non-Executive Directors recommend that shareholders vote in favour of Resolutions 6 and 7 as they consider it appropriate, and in the interests of all shareholders, that the Executive Directors are properly motivated to maximize the value of the Company's shares in a manner consistent with the Company's senior executive group. Accordingly, the Non-Executive Directors recommend the passing of the resolution so that the Company may be permitted to include options granted under the Option Plan as part of the total remuneration package for the Executive Directors.

None of the Non-Executive Directors has a personal interest in the outcome of the resolutions.

The Executive Directors abstain from recommending the resolutions to shareholders as they each have a personal interest in the outcome of the resolutions.