

3 October 2013

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

RE: Response to allegations in newspaper articles in Fairfax media

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

Yours faithfully
LEIGHTON HOLDINGS LIMITED

VANESSA REES
Group Company Secretary

For personal use only

3 October 2013

Response to allegations in newspaper articles in Fairfax media

Leighton Holdings Limited today responded to several allegations in articles published in The Age, Sydney Morning Herald and The Australian Financial Review.

Leighton takes these accusations seriously and is deeply concerned about the suggestions of impropriety. We have more than 61,000 employees who are focused on delivering our 400 plus current projects to the highest ethical and professional standards. The Iraq investigation and the construction of the barge in Indonesia are exceptional instances that are the subject of either an ongoing confidential investigation by the AFP or litigation commenced by Leighton Holdings which is before the courts.

Leighton Holdings reiterates the information previously disclosed on 13 February 2012. Leighton continues to cooperate with the AFP while the AFP undertakes its investigation. **We are not aware of any new allegations or instances of breach of our ethics.**

Leighton's response to these matters included:

- Voluntary reporting to the Australian Federal Police (AFP)
- Conducting internal investigations in relation to Iraq and the construction of a barge in Indonesia
- Dismissing a senior executive
- Revising our comprehensive Code of Business Conduct, and
- Substantially changing its management and risk structures.

Accusations of payment of bribes in Iraq

Fact: In 2011, Leighton Holdings voluntarily reported to the AFP a possible breach of its Code of Ethics that, if substantiated, may contravene Australian laws in relation to work in Iraq when the Board became aware of a possible breach, although it did not have sufficient evidence to conclude that a breach had occurred. To facilitate the collection of evidence, Leighton kept the information confidential until, with the AFP's approval, an announcement could be made in February 2012.

Following the discovery of the possible breach of its Code of Ethics in 2011, Leighton conducted an internal review of the projects involved. The internal review identified instances of failures to meet governance standards in the proper documentation of contractual arrangements. A consequence was the dismissal of a senior executive in July 2012. Over recent years the management structure of the business has been substantially changed.

Leighton continues to cooperate with the AFP while the AFP undertakes its investigation. As this is subject to Federal Police investigation, Leighton does not intend to make any further comment.

Accusations of fraud by a former employee

Fact: There have been a number of internal investigations relating to the construction of a barge in Indonesia for Leighton's subsidiary, Leighton Offshore Pte Limited, culminating in Leighton taking court action in the NSW Supreme Court to recover \$5.6 million against the former employee for alleged breaches of contractual and fiduciary duties. As the case is currently before the court, Leighton is restricted from making further comment.

Accusations that Leighton Group Directors failed to exercise their duties.

Fact: The Directors of Leighton's subsidiary companies and of Leighton Holdings are aware of their responsibilities and have at all times executed their duties with the appropriate care and diligence, and in the best interests of each relevant company.

Accusations of a culture of corruption and cover ups

Fact: That Leighton self-reported the matter which is the subject of the AFP's investigation and that Leighton's investigations in connection with the construction of a barge in Indonesia led to litigation being commenced by Leighton against a former employee is evidence of the culture of integrity and openness that has been established across the Leighton Group.

The Company is focused on ensuring that its values are consistently applied across the Leighton Group and any deviation from those values will not be tolerated.

Accusations of governance, probity and ethics problems

Fact: The article raises matters that were alleged to have occurred a number of years ago.

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Over recent years, Leighton Holdings has continued to strengthen and improve its corporate governance and risk management processes including:

- Revising our comprehensive Code of Business Conduct which sets out the behaviours that Leighton employees must adhere to, regardless of where they operate. The Code includes disciplinary action if breaches of the Code occur
- Further enhancing its risk management capability to better measure, manage and control risk. Tender risk controls have been improved, including an update to the criteria for determining levels of risk in tenders
- Establishing a '5 gate' tender review and approval process, with separate approvals required to: pursue a prospect; prepare and submit a non-binding proposal; prepare a tender; submit a tender; and execute a contract. This process culminates in projects of a certain size and risk profile requiring the approval of the recently established Tender Review and Risk Committee of the Board
- Taking additional steps to enhance its independent internal audit function and assurance program
- Establishing itself as a Strategic Management Company to ensure the appropriate span of control across the business and substantially refreshing its management team

These changes have strengthened the Group and brought a new governance rigour to the benefit of shareholders.

ENDS

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

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LEIGHTON HOLDINGS LIMITED, founded in Australia in 1949, is the parent company of the Leighton Group, one of the world's leading international contractors. The Group is also the world's largest contract miner. Listed on the Australian Stock Exchange since 1962, Leighton Holdings has its head office in Sydney, Australia. Leighton Holdings owns and operates through a number of diverse and independent operating companies: Leighton Contractors; Thiess; John Holland; Leighton Asia, India and Offshore; and Leighton Properties. The Leighton Group also has a 45% investment in the Habtoor Leighton Group. These companies provide development, construction, contract mining, and operation and maintenance services to the infrastructure, resources and property markets. They operate in more than 20 countries throughout Australia, Asia, the Middle East and Southern Africa. The Leighton Group directly employed 61,000 people, as at 30 June 2013.