



**HD** Moody's places Leighton's rating on review for downgrade

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**LP**

Approximately USD500 **million** in debt securities affected

Moody's Investors Service has placed the Baa2 issuer rating of Leighton Holdings Limited ("Leighton") and the senior unsecured rating of Leighton Finance (USA) Pty Ltd on review for downgrade.

**TD**

The action follows today's announcement by Leighton's majority shareholder, HOCHTIEF Aktiengesellschaft ("Hochtief") that it intends to increase its **stake** in Leighton from 58.8% to a maximum of 74.23% for a total cash consideration of approximately AUD1.15 **billion**. At the same time Hochtief announced its intention to increase its representation on the Leighton **Board** to reflect its majority interest in Leighton.

#### RATINGS RATIONALE

"The review reflects the uncertainty regarding the future financial and business profile of Leighton, should the proposal proceed as announced", says Maurice O'Connell, a Moody's Vice President and Senior Analyst, adding "The review also considers Moody's view that Hochtief and its majority owner Actividades de Construccion Servicios SA's (ACS; unrated) have lower credit quality than Leighton".

"We have previously highlighted that Leighton's rating would be pressured if Hochtief seeks to appoint a majority of the directors on Leighton's **board**", O'Connell adds.

The review will focus on 1) the business strategy and financial policy that Leighton will pursue if the **transaction** proceeds as planned, including ongoing dividend policy, 2) Leighton's liquidity and funding policy arising from this **transaction**, 3) impact on Leighton's current and ongoing contractual arrangements.

The principal methodology used in these ratings was the Global Construction Methodology published in November 2010. Please see the Credit Policy page on [www.moodys.com](http://www.moodys.com) for a copy of this methodology.

Headquartered in Sydney, Australia, Leighton Holdings Limited (Leighton) is the largest construction and **mining** contractor in Australia, operating principally through three independent contracting subsidiaries: John Holland, Thiess, and Leighton Contractors as well as Leighton Properties as a **property** developer. The **company** also has significant activities in Asia, principally in Indonesia, **Hong Kong**, Macau, Mongolia and India and owns a 45% **stake** in major UAE based builder Habtoor Leighton **Group**.

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Maurice O'Connell

Vice President - Senior Analyst

Corporate Finance **Group**

Moody's Investors Service Pty. Ltd.

Level 10

1 O'Connell Street

Sydney NSW 2000

Australia

JOURNALISTS: (612) 9270-8102

SUBSCRIBERS: (612) 9270-8100

Terry Fanous

Associate Managing Director

Corporate Finance **Group**

JOURNALISTS: (612) 9270-8102

SUBSCRIBERS: (612) 9270-8100

Releasing Office:

Moody's Investors Service Pty. Ltd.

Level 10

1 O'Connell Street

Sydney NSW 2000

Australia

JOURNALISTS: (612) 9270-8102

SUBSCRIBERS: (612) 9270-8100

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**CO**   hocht : Hochtief AG | leiho : Leighton Holdings Ltd | ocisa : ACS Actividades de Construcciones y Servicios SA

**IN**   i502 : Heavy Construction | iconst : Construction | icre : Real Estate/Construction

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