

12 December 2014

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

Re: Terms of employment of CEO

Leighton Holdings has approved the terms and conditions of Marcelino Fernández Verdes' appointment as its Chief Executive Officer, effective 13 March 2014.

As previously announced, Mr Fernández Verdes was also appointed as Executive Chairman of Leighton in June 2014. He will not receive additional remuneration or benefits for undertaking the role of Chairman.

Mr Fernández Verdes will continue to be employed in his current position as Chairman of the Executive Board (CEO) of HOCHTIEF AG.

A summary of the key terms that apply to Mr Fernández Verdes' employment arrangements at Leighton Holdings is appended.

Yours faithfully
LEIGHTON HOLDINGS LIMITED

VANESSA REES
Group Company Secretary

APPENDIX

Summary of terms of employment

Term	The employment will continue until terminated.
Allowance	<p>While Mr Fernández Verdes will not receive a salary, he will receive the following allowances per annum in connection with his personal expenditure and commitment in undertaking this role in Australia:</p> <ul style="list-style-type: none"> – in 2014, AU\$370,000 (based on 10 months' service); – in 2015, AU\$495,000; and – in 2016, AU\$495,000, adjusted for inflation using the Australian Consumer Price Index (all capital cities for Sept Qtr 2014 to Sept Qtr 2015). <p>The amount payable in subsequent years will be determined by Leighton and negotiated with Mr Fernández Verdes.</p>
Incentive arrangements	<p>Mr Fernández Verdes is entitled to receive a one-off grant of 1,200,000 share appreciation rights (SARs).</p> <p>A SAR is a right to receive a cash payment reflecting the increase in value of the share price of Leighton from a base share price of AU\$17.71 (being the volume weighted price of fully paid ordinary shares in Leighton traded on the ASX over the 30 day period before Mr Fernández Verdes' appointment as CEO on 13 March 2014) to the share price at close of trading on the last trading day before the SAR is exercised, with a maximum payment per SAR of AU\$32.29.</p> <p>The SARs will vest two years after his date of appointment (13 March 2014) and will be exercisable for three years from the date of vesting. No more than 40% of the SARs can be exercised in any one financial year.</p>
Termination of employment	<p><i>Termination by notice (by either party)</i></p> <ul style="list-style-type: none"> – The minimum period required by applicable legislation. <p><i>Misconduct</i></p> <ul style="list-style-type: none"> – Termination may occur without notice. <p><i>Forfeiture of SARs</i></p>

- Mr Fernández Verdes will forfeit his unvested SARs if he ceases to be the CEO of Leighton before 31 December 2014;
- Mr Fernández Verdes will forfeit his unvested SARs and vested but unexercised SARs (if any) if he is not a member of either the Executive Board or the Supervisory Board of HOCHTIEF Aktiengesellschaft for the period to 13 March 2017; and
- Mr Fernández Verdes will forfeit his unvested SARs and vested but unexercised SARs (if any) if he is summarily terminated.

Expenses

Leighton will pay all reasonable and strictly business related expenses incurred by Mr Fernández Verdes in the course of his role, in accordance with its policies and procedures.
