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14th May 2009

MACMAHON ANNOUNCES EQUITY RAISING TO STRENGTHEN BALANCE SHEET

STRONG SHAREHOLDER AND MANAGEMENT SUPPORT

Macmahon Holdings Limited (ASX:MAH) today announces its intention to raise up to \$60 million through the issue of fully paid ordinary shares ("New Shares") to existing and new shareholders (the "Offer").

Leighton Holdings Limited (ASX:LEI), Macmahon's largest shareholder, is supporting the Offer and has committed to participate on a pro-rata basis. Leighton has also committed to sub-underwrite part of the retail component of the Offer which could increase its stake in Macmahon up to a maximum of 19.9% of the enlarged share capital. Additionally, all Board members who are shareholders, including CEO Nick Bowen, will participate in the Offer, either in whole or in part.

Macmahon's CEO, Nick Bowen said "The proceeds from the Offer will be used to reduce debt and improve working capital flexibility and will provide Macmahon with the improved balance sheet necessary to weather the current challenging environment. We believe that Macmahon is well placed to benefit from the promising outlook, particularly in the buoyant construction and infrastructure sector. The new capital raised will also position Macmahon to take advantage of business opportunities in the construction sector and any recovery in the mining sector."

The \$8.4 billion rail, road and port infrastructure investment announced by the Federal Government in the 2009-10 budget reinforces the positive outlook for the construction and infrastructure sector. Macmahon will actively pursue opportunities arising from the announced investment.

Macmahon reaffirms the profit guidance provided on the 27th of April, which also confirmed that Macmahon's order book stands at \$1.6 billion. The 2010 order book has been boosted by the award of recent construction contracts, with \$950m of revenue in place for 2010. Additionally, there are several mining contracts due for renewal over the next 12 months, which Macmahon expects will further increase the order book and contracted revenue for 2010.

OFFER IN DETAIL

The Offer will comprise:

- an institutional placement of \$25.0 million;
- an institutional entitlement offer of approximately \$19.2 million; and
- a retail entitlement offer (“Retail Offer”) to raise up to a maximum of \$15.8 million.

The Offer is underwritten to approximately \$47.4 million.

Under the entitlement offer, eligible shareholders will be able to subscribe for 1 New Share for each 5 existing Macmahon shares at a price of \$0.32 per share. The institutional placement is being conducted at the same price.

The institutional placement and entitlement offer (“Institutional Offer”) will be conducted on Thursday 14th of May 2009. Macmahon will remain in a trading halt until completion of the Institutional Offer. New Shares equivalent to the number of entitlements not taken up by eligible institutional shareholders and those which would otherwise have been offered to ineligible institutional shareholders will be offered to eligible institutional shareholders and certain other institutional and sophisticated investors concurrently with the Institutional Offer.

Macmahon expects to announce the outcome of the Institutional Offer to the market on Friday 14th May 2009, with trading expected to recommence at 10.00am (AEST) on that day. The Retail Offer will be open between Tuesday 19th May 2009 and Tuesday 9th June 2009. The Record Date for the Offer will be 7.00pm (AEST) on Monday 18th May 2009.

Further details of the Offer, including details of the timetable and key risks of the Offer, are contained in the investor presentation posted on the Macmahon website and released to the ASX. A retail offer booklet, including that presentation, will be mailed to eligible shareholders on Wednesday 20th May, 2009.

Macmahon are advised by Azure Capital as Corporate Adviser and Blake Dawson as Legal Adviser. Macquarie Capital Advisers Limited (ABN 79 123 199 548) (“**Macquarie**”) is acting as Sole Lead Manager of the Placement and Offer and underwriter of the Placement and institutional component of the Offer.

*** ENDS **

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The New Shares have not been, and will not be, registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, within the United States.

Disclaimer

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